

# Memorandum



**Date:** July 24, 2007

**To:** Honorable Chairman Bruno A. Barreiro  
and Members Board of County Commissioners

Agenda Item No. 8(E)(1)(A)

**From:** George M. Burgess  
County Manager

A handwritten signature in black ink, appearing to read "G. Burgess", written over the printed name of the County Manager.

**Subject:** Resolution Authorizing Issuance of Water and Sewer System Revenue Refunding Bonds

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## **Recommendation**

It is recommended that the Board adopt the attached Resolution (Series 2007 Resolution) authorizing the issuance and negotiated sale of Water and Sewer System Revenue Refunding Bonds, Series 2007 in an aggregate amount not to exceed \$400,000,000 (Series 2007 Bonds) to achieve interest cost savings, provided that the conditions to the issuance described in Section 4 of the Series 2007 Resolution are satisfied.

## **Scope**

This proposed agenda item will have a countywide impact.

## **Fiscal Impact/Funding Source**

Based on current market conditions, the savings resulting from the refunding is estimated to be \$1.2 million annually (\$15.3 million over the term of the bonds) on a present value basis, representing 4.17 percent of the Series 2007 Bonds. Actual results will depend on market conditions at the time of sale. The principal and interest on the Series 2007 Bonds shall be payable from the net operating revenues of the Water and Sewer System.

## **Background**

At the Manager's Finance Committee (MFC) meeting of October 31, 2005, PFM, financial advisors to the Water and Sewer Department (WASD), recommended a refunding of all or a portion of the Series 1997 Bonds for interest cost savings. The MFC recommended for the refunding to be pursued and brought to the Board for approval. The numbers have since been updated and currently reflect a present value savings of 4.17 percent (or approximately \$15.3 million over the life of the Series 2007 Bonds). Although the Board is being requested to approve the issuance of the Series 2007 Bonds in an amount not to exceed \$400,000,000, the final amount may be reduced pending actual market conditions at the time of sale. Only those maturities that in the aggregate would generate the minimum present value savings of 4 percent, and prove beneficial to the County, will be refunded.

On November 16, 1993, the Board enacted Ordinance No. 93-134 (Master Ordinance) authorizing the issuance of revenue bonds (Bonds). Any Bonds issued pursuant to the Master Ordinance require a series resolution (Series Resolution) to be adopted by the Board. The Series 2007 Resolution is such Series Resolution. Pursuant to the Master Ordinance, on January 30, 1997, the

County issued the Series 1997 Bonds in the principal amount of \$437.195 million (currently outstanding in the amount of \$381.265 million). The Series 1997 Bonds, with interest rates ranging from 5.1 percent to 6.25 percent and final maturity on October 1, 2026, were issued to finance the cost of capital improvements of the Water and Sewer System. The first call date of the Series 1997 Bonds is October 1, 2007.

Below is a listing of all current WASD Bonds outstanding prior to the issuance of the proposed Series 2007 Bonds:

<b><u>Description</u></b>	<b><u>Original Principal Amount</u></b>	<b><u>Principal Amount Currently Outstanding</u></b>
Series 1994	\$ 431,700,000	\$ 416,075,000
Series 1995	346,820,000	22,845,000
Series 1997	437,195,000	381,265,000
Series 1999A	150,000,000	150,000,000
Series 2003 (Refunding Bonds)	248,890,000	194,770,000
Series 2005 (Refunding Bonds)	295,240,000	295,240,000
<b>Total</b>	<b>\$1,909,845,000</b>	<b>\$1,460,195,000</b>

In the aggregate, the above Bonds have average annual debt service payments in excess of \$111.3 million through Fiscal Year 2030.

For debt management purposes, the County entered into two Hedge Agreements (Swaps) that are currently associated with the Series 1997 Bonds (Series 1997 Hedge Agreements). Upon the issuance of the Series 2007 Bonds, the County may deem it to be in the County's best interest to associate all or portions of the Series 1997 Hedge Agreements with the Series 2007 Bonds.

The Series 2007 Resolution authorizes, approves and provides for:

- The issuance of the Series 2007 Bonds on a negotiated basis to the Underwriters named in the Bond Purchase Agreement, in the form attached as Exhibit "B";
- The issuance of Series 2007 Bonds as fixed rate serial bonds, term bonds or a combination of both, with maturity on or before October 1, 2026 and using the Book-Entry-Only System form of registration;
- The use and distribution of a Preliminary Official Statement in the form attached as Exhibit "C";
- The use of an Escrow Deposit Agreement in the form attached as Exhibit "D";
- Continuing Disclosure Commitment, as required under the provisions of Rule 15c-2-12, as amended, of the Securities and Exchange Commission;
- The form of the Series 2007 Bonds attached to this Series 2007 Resolution as Exhibit "A"; and
- The appropriate officials of the County to take all actions necessary in connection with the issuance of the Series 2007 Bonds and the closing of this transactions.

The Series 2007 Resolution also delegates and authorizes the Finance Director to:

- Negotiate and obtain bond insurance and one or more Credit Facilities to enhance the Series 2007 Bonds, if either are deemed appropriate and in the best interest of the County, after consultation with the Financial Advisors, the WASD Director, the County Attorney and Bond Counsel;
- Award the Series 2007 Bonds to Morgan Keegan and Company, Inc., as Senior Manager, on behalf of the Underwriters named in the Bond Purchase Agreement, provided that the true interest cost of the Series 2007 Bonds will not exceed 5.5 percent or such lesser rate as determined by the Finance Director, after consultation with the WASD Director and the Financial Advisors;
- Set redemption provisions, after consultation with the WASD Director and the Financial Advisors;
- Execute and deliver to the Underwriters the Bond Purchase Agreement, substantially in the form attached as Exhibit "B" to this Series 2007 Resolution; and
- Enter into any and all agreements that facilitate the issuance of the Series 2007 Bonds, including the Escrow Agreement, substantially in the form attached as Exhibit "D" to this Series 2007 Resolution, and any agreements associated with Credit Facilities;
- Determine, after consultation with the WASD Director and the Financial Advisors, whether all or what portions of the notional amounts of the Series 1997 Hedge Agreements will be associated with the Series 2007 Bonds.

If favorable market conditions are sustained to achieve the minimum aggregate net present value savings of 4 percent, the Series 2007 Bonds are expected to be issued in September 2007. Should market conditions deteriorate, the issuance of the Series 2007 Bonds will be delayed until such time as the minimum net present value threshold is achievable.

Due to the nature of bond financing transactions, this Series 2007 Resolution also provides for the waiver of the provisions of Resolution No. R-1198-05, as amended by R-130-06, requiring that any contracts of the County with third parties be executed and finalized prior to their placement on the committee agenda. The sale of the Series 2007 Bonds, which will set their final terms which are reflected in the contracts, cannot occur until after the effective date of this Series 2007 Resolution.



Assistant County Manager

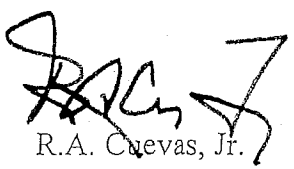


# MEMORANDUM

(Revised)

TO: Honorable Chairman Bruno A. Barreiro  
and Members, Board of County Commissioners

DATE: July 24, 2007

FROM:   
R.A. Cuevas, Jr.  
Acting County Attorney

SUBJECT: Agenda Item No. 8(E)(1)(A)

Please note any items checked.

\_\_\_\_\_ "4-Day Rule" ("3-Day Rule" for committees) applicable if raised

\_\_\_\_\_ 6 weeks required between first reading and public hearing

\_\_\_\_\_ 4 weeks notification to municipal officials required prior to public hearing

\_\_\_\_\_ Decreases revenues or increases expenditures without balancing budget

\_\_\_\_\_ Budget required

\_\_\_\_\_ Statement of fiscal impact required

\_\_\_\_\_ Bid waiver requiring County Manager's written recommendation

\_\_\_\_\_ Ordinance creating a new board requires detailed County Manager's report for public hearing

\_\_\_\_\_ Housekeeping item (no policy decision required)

\_\_\_\_\_ No committee review



Approved \_\_\_\_\_ Mayor  
Veto \_\_\_\_\_  
Override \_\_\_\_\_

Agenda Item No. 8(E)(1)(A)  
7-24-07

RESOLUTION NO. \_\_\_\_\_

RESOLUTION AUTHORIZING ISSUANCE OF NOT TO EXCEED \$400,000,000 MIAMI-DADE COUNTY, FLORIDA WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2007, PURSUANT TO SECTION 209 OF ORDINANCE NO. 93-134, AS AMENDED AND SUPPLEMENTED, FOR REFUNDING ALL OR PORTION OF OUTSTANDING WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1997; PROVIDING CERTAIN DETAILS OF BONDS AND THEIR SALE; DELEGATING TO FINANCE DIRECTOR, WITHIN CERTAIN LIMITATIONS AND RESTRICTIONS, AUTHORITY TO FINALIZE TERMS AND OTHER PROVISIONS OF BONDS, THEIR SALE AND REFUNDING OF REFUNDED BONDS, TO DESIGNATE PAYING AGENT, REGISTRAR, ESCROW AGENT AND VERIFICATION AGENT, TO SECURE CREDIT FACILITIES AND RESERVE ACCOUNT CREDIT FACILITIES AND TO ASSOCIATE CERTAIN EXISTING HEDGE AGREEMENTS WITH BONDS; AUTHORIZING NEGOTIATED SALE AND AWARD OF BONDS TO UNDERWRITERS; PROVIDING FOR APPLICATION OF PROCEEDS AND OTHER FUNDS; PROVIDING FOR BOOK-ENTRY-ONLY SYSTEM; APPROVING FORMS OF AND AUTHORIZING EXECUTION AND DELIVERY OF BONDS, BOND PURCHASE AGREEMENT AND ESCROW DEPOSIT AGREEMENT; APPROVING FORM OF AND AUTHORIZING DISTRIBUTION OF PRELIMINARY OFFICIAL STATEMENT AND FINAL OFFICIAL STATEMENT; CREATING SUBACCOUNTS FOR SERIES 2007 BONDS; PROVIDING FEDERAL TAX COVENANTS AND CONTINUING DISCLOSURE; AUTHORIZING COUNTY OFFICIALS TO DO ALL THINGS DEEMED NECESSARY IN CONNECTION WITH ISSUANCE SALE, EXECUTION AND DELIVERY OF BONDS; AND PROVIDING FOR SEVERABILITY

**WHEREAS**, the Board of County Commissioners (the “Board”) of Miami-Dade County, Florida (the “County”), acting pursuant to the authority recited in Section 1(A), owns and operates water and wastewater treatment plant facilities and a distribution and collection system (the “Water and Sewer Utility” or the “Water and Sewer System”) and pursuant to such authority, including Ordinance No. 93-134, enacted by the Board on November 16, 1993, as

amended and supplemented (the “Master Ordinance”), is authorized to issue revenue bonds and revenue refunding bonds from time to time; and

**WHEREAS**, all terms used in capitalized form and not defined in this Series Resolution (the “Series 2007 Resolution”) have the meanings assigned to such terms in the Master Ordinance; and

**WHEREAS**, the County, under the Master Ordinance and Series Resolutions adopted pursuant to the Master Ordinance, has issued its \$431,700,000 original aggregate principal amount of Water and Sewer System Revenue Bonds, Series 1994, currently outstanding in the principal amount of \$416,075,000; \$346,820,000 original aggregate principal amount of Water and Sewer System Revenue Bonds, Series 1995, currently outstanding in the principal amount of \$22,845,000; \$437,195,000 original aggregate principal amount of Water and Sewer System Revenue Bonds, Series 1997, currently outstanding in the principal amount of \$381,265,000 the “Outstanding Series 1997 Bonds”); \$150,000,000 original aggregate principal amount of Water and Sewer System Revenue Bonds, Series 1999A, all of which are currently outstanding; \$248,890,000 original aggregate principal amount of Water and Sewer System Revenue Refunding Bonds, Series 2003, currently outstanding in the principal amount of \$194,770,000; and \$295,240,000 original aggregate principal amount of Water and Sewer System Revenue Refunding Bonds, Series 2005, all of which are currently outstanding (collectively, the “Outstanding Bonds”); and

**WHEREAS**, Section 209 of the Master Ordinance authorizes the County to issue Refunding Bonds from time to time on a parity with the Outstanding Bonds for the purpose of providing funds for paying at maturity or redeeming all or any part of the Outstanding Bonds; and

**WHEREAS**, the Master Ordinance provides that before any Series of Refunding Bonds shall be issued, the Board shall adopt a Series Resolution authorizing the issuance of such bonds and making such other determinations provided in Section 209 of the Master Ordinance, all as may be specified in or provided for by or pursuant to said Series Resolution; and

**WHEREAS**, the Board has determined at this time that it is in the best interests of the County and its citizens to issue not to exceed \$400,000,000 aggregate principal amount of Miami-Dade County, Florida Water and Sewer System Revenue Refunding Bonds, Series 2007 (the "Series 2007 Bonds") for the purpose of providing funds, together with any other available funds of the Department, to (i) refund all or a portion of the Outstanding Series 1997 Bonds (the Outstanding Series 1997 Bonds so refunded being referred to as the "Refunded Bonds"), (ii) provide for the funding of any required deposit to the Reserve Account (in cash, with one or more Reserve Account Credit Facilities, or a combination of cash and one or more Reserve Account Credit Facilities) with respect to the Series 2007 Bonds, and (iii) pay costs of issuance of the Series 2007 Bonds, including the payment of premiums with respect to any Credit Facilities and Reserve Account Credit Facilities as contemplated in this Series 2007 Resolution; and

**WHEREAS**, the Board deems it appropriate to delegate to the Finance Director, pursuant to the delegation parameters and limitations set forth in this Series 2007 Resolution, authorization to finalize the terms of the Series 2007 Bonds and other matters related to the issuance of the Series 2007 Bonds and the refunding of the Refunded Bonds, all as more particularly described in this Series 2007 Resolution; and

**WHEREAS**, the Board desires to provide for a Book-Entry-Only System with respect to the Series 2007 Bonds; and

**WHEREAS**, based upon the findings set forth in Section 2 of this Series 2007 Resolution, the Board deems it in the best financial interest of the County and the users of the Water and Sewer Utility that the Series 2007 Bonds be sold at a public offering by negotiated sale to the underwriters named in the Bond Purchase Agreement (as hereinafter defined) in accordance with the Bond Purchase Agreement and to authorize the distribution and use of a preliminary official statement and to authorize the distribution, use and delivery of a final official statement, all relating to the negotiated sale of the Series 2007 Bonds; and

**WHEREAS**, the County, for debt management purposes, has previously entered into (i) a Hedge Agreement dated as of December 15, 1993, as amended, with Merrill Lynch Capital Services, Inc. and (ii) a Hedge Agreement dated as of August 27, 1998, as amended, with RFPC, Ltd., each of which the County has associated with the Outstanding Series 1997 Bonds (collectively, the "Series 1997 Hedge Agreements"); and

**WHEREAS**, the Board, for debt management purposes, deems it desirable, upon the issuance of the Series 2007 Bonds and the refunding of the Refunded Bonds, to associate the Series 1997 Hedge Agreements or portions thereof with the Series 2007 Bonds or any other Series of Bonds, as shall be determined by the Finance Director; and

**WHEREAS**, the Board desires to accomplish the purposes outlined in the accompanying memorandum (the "County Manager's Memorandum"), a copy of which is incorporated in this Series 2007 Resolution by reference,

**NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA that:**

Section 1. Authority, Recitals, Definitions and Construction.

(A) Authority. This Series 2007 Resolution is adopted pursuant to the provisions of the Constitution of the State of Florida, the Home Rule Amendment and Charter of Miami-Dade County, Florida, as amended (the “Charter”), Chapters 125 and 166, Florida Statutes, as amended, the Master Ordinance, the Code of Miami-Dade County, Florida, as amended, and other applicable provisions of law (collectively, the “Act”).

(B) This Board authorizes the issuance pursuant to the Master Ordinance of not to exceed \$400,000,000 aggregate principal amount of Miami-Dade County, Florida Water and Sewer System Revenue Refunding Bonds, Series 2007 (the “Series 2007 Bonds”) for the principal purpose of refunding the Refunded Bonds provided that the conditions to the issuance thereof as described in the Delegation Parameters (hereinafter defined) are satisfied.

(C) Recitals. The recitals contained in the foregoing “WHEREAS” clauses are incorporated in this Series 2007 Resolution by this reference.

(D) Definitions. All capitalized terms used in this Series 2007 Resolution, which are not defined in this Series 2007 Resolution, shall have the meanings specified in the Master Ordinance, unless the context clearly requires otherwise. In addition, unless the context requires otherwise, the capitalized words and terms defined in this Section shall have the following meanings:

“Bond Purchase Agreement” means the Bond Purchase Agreement between the County and the Underwriters related to the purchase of the Series 2007 Bonds, as authorized pursuant to Section 4(B).

“Defeasance Obligations” means for purposes of the Series 2007 Bonds, Government Obligations as defined in the Master Ordinance.

“Delegation Parameters” means those conditions and requirements set forth in Section 4 of this Series 2007 Resolution that limit the discretionary authority of the Finance Director under this Series 2007 Resolution.

“DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company and clearing corporation and clearing agency under New York law, its successors and assigns, or such other securities depository as the County may designate in the Omnibus Certificate or, after the issuance of the Series 2007 Bonds, as the County may designate pursuant to Section 8 of this Series 2007 Resolution.

“Escrow Agent” means the bank or trust company designated by the Finance Director pursuant to Section 6 of this Series 2007 Resolution to serve in that capacity under the Escrow Deposit Agreement.

“Escrow Deposit Agreement” means the Escrow Deposit Agreement between the County and the Escrow Agent as authorized pursuant to Section 17 of this Series 2007 Resolution.

“Interest Payment Date” means, with respect to the Series 2007 Bonds, April 1 and October 1 of each calendar year, as may be designated by the Finance Director in accordance with the Delegation Parameters.

“Omnibus Certificate” means the certificate executed by the Finance Director, the Director and a Deputy Clerk, dated the date of original issuance of the Series 2007 Bonds, setting forth among other things, the information and designations required by Section 4 of this Series 2007 Resolution.

“Outstanding” as defined in the Master Ordinance is hereby modified to exclude, with respect to the Series 2007 Bonds and in addition to the other exclusions contained in the Master Ordinance, Series 2007 Bonds for the payment of which money, Defeasance Obligations, or a

combination of money and Defeasance Obligations, in an amount sufficient to pay on the date when such Series 2007 Bonds are to be paid or redeemed pursuant to Sections 301 and 302 of the Master Ordinance, the principal or redemption price of, and the interest accruing to such date on, the Series 2007 Bonds to be paid or redeemed, have been irrevocably deposited with the Paying Agent or an escrow agent in trust for the holders of such Series 2007 Bonds; Defeasance Obligations shall be deemed to be sufficient to pay or redeem Series 2007 Bonds on a specified date if the principal of and interest on such Defeasance Obligations, when due, will be sufficient to pay on such date the principal or redemption price of, and the interest accruing on, such Series 2007 Bonds to such date.

“Regular Record Date” means, with respect to the Series 2007 Bonds, the 15<sup>th</sup> day of the calendar month (whether or not a business day) next preceding an Interest Payment Date, irrespective of any transfer of such Series 2007 Bonds subsequent to such Regular Record Date and prior to such Interest Payment Date.

“Rule” means Rule 15c2-12 of the United States Securities and Exchange Commission, as in effect from time to time, and any successor provisions to such rule.

“Underwriters” means the underwriters identified in and party to the Bond Purchase Agreement.

(E) Rules of Construction. Any reference to any Article, Section or provision of the Constitution or laws of the State of Florida, or of federal laws, or rules or regulations, shall include such provisions as amended, modified, revised, supplemented or superseded from time to time, provided that no such change shall be deemed applicable by reason of this provision if such change by its terms is inapplicable to any particular Series 2007 Bonds or would, in any way, constitute an unlawful impairment of the rights of the County or any Bondholder.

Terms used which are relevant to the provisions of the Code but which are not defined in this Series 2007 Resolution shall have the meanings given to them in the Code, unless the context indicates another meaning.

Section 2. Findings. The Board, in accordance with the Act and Section 218.385, Florida Statutes, as amended, finds, determines and declares as follows:

(A) Based upon the advice of PFM Dade Advisors LLC, which is serving as financial advisor to the County in connection with the issuance of the Series 2007 Bonds (the “Financial Advisor”), and the recommendation of the County Manager, the negotiated sale of the Series 2007 Bonds is in the best interest of the County due to the need to have (i) maximum flexibility in determining which Outstanding Series 1997 Bonds will constitute the Refunded Bonds and in pricing and marketing the Series 2007 Bonds and (ii) enhanced communications with investors as a result of the negative credit rating outlooks for the Outstanding Bonds, in order to obtain the most favorable interest rates available and the desired savings.

(B) The sale and issuance of the Series 2007 Bonds and the use of the proceeds of the Series 2007 Bonds, as provided in this Series 2007 Resolution, serve a proper public purpose.

(C) The Board has determined that it is in the best interest of the County to accept the offer of the Underwriters to purchase the Series 2007 Bonds at a negotiated sale but only upon the terms and conditions set forth in this Series 2007 Resolution and as may be determined by the Finance Director in accordance with the terms of this Series 2007 Resolution and set forth in the Bond Purchase Agreement and the Omnibus Certificate.

(D) The delegation of authority to officers of the County provided for in this Series 2007 Resolution is necessary to the proper and efficient implementation of the refinancing



program contemplated by this Series 2007 Resolution, and such delegation is in the best interests of the County.

Section 3. Authorization of Series 2007 Bonds; Terms and Provisions Applicable to Series 2007 Bonds; Execution of Series 2007 Bonds; Special Obligations.

(A) Authorization. The Series 2007 Bonds are approved for issuance pursuant to the Master Ordinance, this Series 2007 Resolution and the County Manager's Memorandum, subject to the satisfaction of the conditions set forth in Section 209 of the Master Ordinance. The aggregate principal amount of the Series 2007 Bonds shall not exceed \$400,000,000, with the exact aggregate principal amount of the Series 2007 Bonds to be determined by the Finance Director, after consultation with the Director and the Financial Advisor prior to the execution of the Bond Purchase Agreement pursuant to Section 4(B) of this Series 2007 Resolution. The Series 2007 Bonds shall be issued for the purposes of providing funds, together with any other available funds of the Department, to: (i) refund the Refunded Bonds, (ii) provide for the funding of any required deposit to the Reserve Account (in cash, with one or more Reserve Account Credit Facilities, or a combination of cash and one or more Reserve Account Credit Facilities) with respect to the Series 2007 Bonds, and (iii) pay costs of issuance of the Series 2007 Bonds, including the payment of premiums with respect to any Credit Facilities and Reserve Account Credit Facilities as contemplated in this Series 2007 Resolution.

Each of the Series 2007 Bonds shall be in substantially the form attached as Exhibit A to this Series 2007 Resolution, which form of Series 2007 Bonds is approved, with such variations, omissions and insertions as may be deemed necessary and approved by the Finance Director, after consultation with the County Attorney and Squire, Sanders & Dempsey L.L.P. and

KnoxSeaton (“Bond Counsel”), and which are not inconsistent with the provisions of the Master Ordinance and this Series 2007 Resolution.

The proceeds of the Series 2007 Bonds and any other available funds of the Department to be applied for the purposes of this Series 2007 Resolution shall be applied by the Finance Director in the manner provided in Section 5 of this Series 2007 Resolution.

(B) Denominations; Date; Interest Rates; and Maturity Dates. The Series 2007 Bonds shall be issued in fully registered form in denominations of \$5,000 or any multiple of \$5,000. The Series 2007 Bonds shall be dated the date of their delivery and shall bear interest from their dated date. Interest on the Series 2007 Bonds shall be payable semiannually on April 1 and October 1 of each year, as determined by the Finance Director in the Omnibus Certificate.

The Series 2007 Bonds shall be Serial Bonds or Term Bonds or a combination of Serial Bonds and Term Bonds, and shall mature on or before October 1, 2026, shall bear interest at such fixed rates, and may be subject to mandatory redemption and optional redemption, all as determined and established by the Finance Director in accordance with this Series 2007 Resolution and as initially set forth or specified in the Bond Purchase Agreement. The Series 2007 Bonds shall be initially numbered consecutively from R-1 and upwards.

(C) Execution of the Series 2007 Bonds. The Series 2007 Bonds shall be executed for and on behalf of the County by the facsimile or manual signature of the Mayor of the County (the “Mayor”) and attested with a facsimile or manual signature of the Clerk and the imprint or reproduction of the official seal of the Board. The Certificate of Authentication (the “Certificate of Authentication”) of the Registrar shall appear on the Series 2007 Bonds and no Series 2007 Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Series 2007 Resolution unless such Certificate of Authentication shall have been duly

executed on such Series 2007 Bonds. The authorized signature for the Registrar shall at all times be a manual signature. In case any officer whose signature shall appear on any Series 2007 Bonds shall cease to be such officer before the delivery of such Series 2007 Bonds, such signature or facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. Any Series 2007 Bonds may be signed and sealed on behalf of the County by such person who at the actual time of the execution of such Series 2007 Bonds shall hold the proper office with the County, although on the date of adoption of this Series 2007 Resolution such person may not have held such office or may not have been so authorized. The execution and delivery of the Series 2007 Bonds substantially in the manner mentioned above are authorized and such execution and delivery as described above shall be conclusive evidence of the Board's approval.

(D) Special Limited Obligations of County. The Series 2007 Bonds shall be special limited obligations of the County payable solely from and secured solely by Pledged Revenues. The Series 2007 Bonds do not constitute an indebtedness, liability, general or moral obligation, or a pledge of the faith, credit or power of the County, the State of Florida (the "State") or any political subdivision of the State, within the meaning of any constitutional, statutory or charter provision. Neither the State nor any political subdivision of the State nor the County shall be directly or indirectly or contingently obligated to levy any ad valorem taxes on any property to pay the principal of or the interest on the Series 2007 Bonds or other related costs, or to pay the same from any other funds of the County except from the Pledged Revenues. The acceptance of the Series 2007 Bonds by the registered owners from time to time of the Series 2007 Bonds shall be deemed an agreement between the County and such registered owners that the Series 2007 Bonds and the indebtedness evidenced by the Series 2007 Bonds shall not constitute a lien upon

the Water and Sewer Utility, any part of the Water and Sewer Utility, or any other property of the County, but shall constitute a lien only on the Pledged Revenues.

Section 4. Delegation; Bond Purchase Agreement. The Finance Director is authorized to make the following determinations and take the following actions:

(A) Terms of Series 2007 Bonds. The Finance Director, in consultation with the Director and the Financial Advisor, is hereby authorized to approve the terms of the Series 2007 Bonds, such approval to be evidenced by the terms and provisions set forth in the Omnibus Certificate and the Bond Purchase Agreement, including, without limitation, the aggregate principal amount of the Series 2007 Bonds, the date of the Series 2007 Bonds, the interest rates the Series 2007 Bonds shall bear (which shall be fixed rates), the purchase price, the optional and mandatory redemption terms of the Series 2007 Bonds, whether the Series 2007 Bonds shall be Serial Bonds, Term Bonds, or any combination of such Bonds, the maturity dates of the Series 2007 Bonds (which, in each case, shall be October 1 of the designated years of maturity), and the maturity amounts as to Serial Bonds and Amortization Requirements as to Term Bonds; *provided, however*, that in no event shall: (i) the aggregate principal amount of the Series 2007 Bonds exceed \$400,000,000; (ii) the purchase price (excluding original issue discount and original issue premium) be less than 98% of the original principal amount of the Series 2007 Bonds (the "Minimum Purchase Price"); (iii) the true interest cost rate (the "TIC") of the Series 2007 Bonds exceed 5.50% (the "Maximum TIC"); (iv) the net present value savings achieved by the refunding of the Refunded Bonds be less than 4.00% of the principal amount of the Refunded Bonds; and (v) the final maturity of the Series 2007 Bonds occur later than October 1, 2026. The Finance Director, after consultation with the Director and the Financial Advisor, is authorized to

cause the issuance of the Series 2007 Bonds upon compliance with the requirements of Section 209 of the Master Ordinance.

(B) Approval of Bond Purchase Agreement and Authorization to Award the Sale of the Series 2007 Bonds. The Board approves the Bond Purchase Agreement in substantially the form attached as Exhibit B to this Series 2007 Resolution, with such additions, deletions and completions as may be necessary and approved by the Finance Director in accordance with the terms of this Series 2007 Resolution after consultation with the Director, the Financial Advisor, Bond Counsel and the County Attorney. Upon compliance by the Underwriters with the requirements of Section 218.385, Florida Statutes, as amended, the Finance Director, after consultation with the Director and the Financial Advisor, is authorized and directed to award the sale of the Series 2007 Bonds to the Underwriters upon the terms described in Section 4(A) above and to finalize the terms of, and to execute the Bond Purchase Agreement between the County and the Underwriters and to deliver the Bond Purchase Agreement. The aggregate principal amounts, maturities, interest rates, prices, optional and mandatory redemption provisions and other terms of the Series 2007 Bonds, as more fully described in the Bond Purchase Agreement, shall be established by the Finance Director within the Delegation Parameters set forth in this Section 4. The execution and delivery of the Bond Purchase Agreement by the Finance Director shall be conclusive evidence of the Board's approval of any such additions, deletions and completions and acceptance of the Underwriters' proposal to purchase the Series 2007 Bonds. The Board approves the negotiated sale of the Series 2007 Bonds to the Underwriters upon the final terms and conditions in this Series 2007 Resolution and as set forth in the Omnibus Certificate and the Bond Purchase Agreement.

(C) Refunded Bonds. The Finance Director, after consultation with the Director and the Financial Advisor, is authorized to determine which Outstanding Series 1997 Bonds will constitute the Refunded Bonds and which Refunded Bonds will be redeemed prior to maturity and the date(s) of redemption of any such Refunded Bonds to be redeemed prior to maturity, all as shall be set forth in the Escrow Deposit Agreement. The execution and delivery of the Escrow Deposit Agreement by the Finance Director shall be conclusive evidence of the Board's approval of the Outstanding Series 1997 Bonds which will constitute the Refunded Bonds, the redemption prior to maturity of any Refunded Bonds and the date(s) of redemption of any such Refunded Bonds to be redeemed prior to maturity.

(D) Series 1997 Hedge Agreements. The Finance Director, after consultation with the Director and the Financial Advisor, is hereby authorized to determine whether all or what portions of the notional amounts of the Series 1997 Hedge Agreements will be associated with the Series 2007 Bonds or any other Series of Bonds and to take all actions necessary to associate such notional amounts to the Series 2007 Bonds or any other Series of Bonds, such determination to be set forth in the Omnibus Certificate. The execution and delivery of the Omnibus Certificate shall be conclusive evidence of the Board's approval of such determination and association.

Section 5. Use of Proceeds of the Series 2007 Bonds and Other Funds. Subject to the provisions of the Master Ordinance, the proceeds received from the sale of the Series 2007 Bonds, and any other available funds of the Department as determined by the Finance Director in the Omnibus Certificate, shall be applied as follows:

(A) The portion of the proceeds of the Series 2007 Bonds and any other available funds of the Department necessary to fund the refunding of the Refunded Bonds shall be

transferred to the Escrow Agent, which funds shall be held and applied to the acquisition of the Defeasance Obligations described in the Escrow Deposit Agreement pertaining to Refunded Bonds and to the payment and redemption of the Refunded Bonds pursuant to the Escrow Deposit Agreement, all for the purpose of providing for the refunding and defeasing of the Refunded Bonds.

(B) The amount, if any, which, together with any funds provided by the Department, shall be necessary to make the funds on deposit in the Reserve Account equal the Reserve Account Requirement after the issuance of the Series 2007 Bonds, shall be deposited in the Reserve Account; *provided, however*, that if a Reserve Account Credit Facility is provided to satisfy the Reserve Account Requirement, in lieu of making such deposit, proceeds from the sale of the Series 2007 Bonds or any funds provided by the Department shall be used to pay the premium on such Reserve Account Credit Facility.

(C) The balance of the proceeds from the sale of the Series 2007 Bonds shall be deposited in a special account created by this Series 2007 Resolution and designated the "Series 2007 Bonds Cost of Issuance Account" and disbursed by the Department upon receipt of appropriate invoices, with any surplus remaining therein after all costs of issuance have been paid being transferred to the Series 2007 Bond Service Subaccount (hereinafter created).

(D) Funds held for the benefit of the Refunded Bonds in the Debt Service Fund shall be transferred to the Escrow Agent for deposit and application under the Escrow Deposit Agreement to the payment of the Refunded Bonds, or shall be applied for such other purposes as may be designated by the Finance Director in the Omnibus Certificate, after consultation with the Director and the Financial Advisor and Bond Counsel.

Section 6. Authorization for Appointment of Agents; Approval of Agency Agreements. The Finance Director is authorized to designate a Paying Agent, a Registrar and an Escrow Agent, all of whom may be one entity or separate entities as determined by the Finance Director, and a Verification Agent.

The Finance Director, in consultation with the Director, the Financial Advisor, the County Attorney and Bond Counsel, is authorized to negotiate and execute any necessary agreements with such entities, the execution and delivery of such agreements being conclusive evidence of the Board's approval of the terms thereof.

Section 7. Authentication and Delivery of Series 2007 Bonds. The Registrar is authorized and directed to authenticate and deliver the Series 2007 Bonds to the Underwriters upon payment for the Series 2007 Bonds by such Underwriters in accordance with the Bond Purchase Agreement.

Section 8. System of Certificated and Uncertificated Registration. There is established a system of registration with respect to the Series 2007 Bonds as permitted by Chapter 279, Florida Statutes, as amended, pursuant to which both certificated and uncertificated registered Series 2007 Bonds are issued. The system of registration shall be as described in the Official Statement (hereinafter described). The Series 2007 Bonds shall be initially issued as uncertificated, book-entry-only, bonds through the Book-Entry-Only-System maintained by DTC which will act as securities depository for the Series 2007 Bonds. The County reserves the right to amend, discontinue or reinstitute the Book-Entry-Only-System from time to time, subject to the rights of Bondholders contained in the Master Ordinance and this Series 2007 Resolution.

None of the County, the Paying Agent or the Registrar shall be liable for the failure of the securities depository of the Series 2007 Bonds to perform its obligations as described in the



Official Statement nor for the failure of any participant in the Book-Entry-Only System maintained by the securities depository to perform any obligation such participant may have to a beneficial owner of any Series 2007 Bonds.

Section 9. Approval of the Preliminary Official Statement and Official Statement.

The proposed Preliminary Official Statement (the "Preliminary Official Statement") and final Official Statement (the "Official Statement") for use in connection with the issuance of the Series 2007 Bonds are approved in substantially the form of the Preliminary Official Statement attached as Exhibit C to this Series 2007 Resolution, subject to such changes, modifications, insertions and omissions and such filling in of blanks as may be deemed necessary and determined and approved by the Finance Director, with the approval of Bond Counsel, the County Attorney and Hogan & Hartson L.L.P., McGhee & Associates and Law Offices Jose A. Villalobos, P.A. ("Disclosure Counsel"), and after consultation with the Director and the Financial Advisor, with the delivery of the Official Statement, on behalf of the County, being conclusive evidence of the Board's approval of the Preliminary Official Statement and the Official Statement. The use and distribution of the Preliminary Official Statement in connection with the marketing of the Series 2007 Bonds and the delivery of the Official Statement in connection with the sale of the Series 2007 Bonds on behalf of the County are authorized. If so requested by the Underwriters, the Finance Director, after consultation with the Director, the Financial Advisor, the County Attorney and Disclosure Counsel, is authorized to make any necessary certifications to the Underwriters with respect to the Preliminary Official Statement and the Official Statement, required under the provisions of the Rule, to the effect that the Preliminary Official Statement, with such changes as may be approved by the officer executing the certificate is, except for Permitted Omissions, "final" as of its date, and that the information

therein is accurate and complete except for the Permitted Omissions. As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, ratings and other terms of the Series 2007 Bonds and any underlying obligations depending on such matters, all with respect to the Series 2007 Bonds and any underlying obligations.

Section 10. Credit Facilities and Reserve Account Credit Facilities. If deemed necessary or advisable and upon the advice of the Financial Advisor, the Finance Director is authorized to secure one or more Credit Facilities and/or Reserve Account Credit Facilities with respect to any one or all of the Series 2007 Bonds and to execute and deliver any agreements with any Credit Facility Provider and Reserve Account Credit Facility Provider as may be necessary to secure such Credit Facilities and Reserve Account Credit Facilities, with the Finance Director's execution of any such agreement to be conclusive evidence of their approval by the Board. The Finance Director is authorized to provide for the payment of any premiums on or fees for such Credit Facilities and/or Reserve Account Credit Facilities from the proceeds of the issuance of the Series 2007 Bonds or any such funds provided by the Department.

As provided in the Master Ordinance, any agreements with Credit Facility Providers or Reserve Account Credit Facility Providers shall supplement and be in addition to the provisions of the Master Ordinance and this Series 2007 Resolution.

Section 11. Redemption Provisions.

(A) General. The amount of Series 2007 Bonds constituting Term Bonds required to be redeemed in each Bond Year as set forth in the Bond Purchase Agreement shall constitute the Amortization Requirements for the Series 2007 Bonds in the preceding Bond Year.

Upon surrender of any Series 2007 Bond for redemption in part, the County shall issue and the Registrar shall authenticate and deliver to the registered owner of the Series 2007 Bond,

the costs of which shall be paid by the registered owner, a new Series 2007 Bond or Series 2007 Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion surrendered.

(B) Effect of Calling for Redemption. On the date so designated for redemption, notice having been mailed as provided in the Master Ordinance, the Series 2007 Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Series 2007 Bonds on such date, and moneys for payment of the redemption price being held in separate accounts by the Paying Agent in trust for the registered owners of the Series 2007 Bonds to be redeemed, interest on the Series 2007 Bonds so called for redemption shall cease to accrue, such Series 2007 Bonds shall not be deemed to be Outstanding for purposes of this Series 2007 Resolution and the Master Ordinance, and shall cease to be entitled to any lien, benefit or security under this Series 2007 Resolution or the Master Ordinance, and the registered owners of such Series 2007 Bonds shall have no rights in respect of the Series 2007 Bonds except to receive payment of the redemption price of the Series 2007 Bonds.

Whenever any Series 2007 Bonds shall be delivered to the Registrar for cancellation, upon payment of the principal amount of the Series 2007 Bonds, or for replacement, transfer or exchange, such Series 2007 Bonds shall be canceled and destroyed by the Registrar, and counterparts of the certificate of destruction evidencing any such destruction shall be furnished to the County.

(C) Conditional Notice of Redemption. If the Series 2007 Bonds or any portion thereof are to be redeemed pursuant to the terms authorized in this Series 2007 Resolution, the County may provide a conditional notice of redemption of such Series 2007 Bonds in accordance

with the terms set forth below, and the Finance Director is authorized, in her discretion, to add to the form of Series 2007 Bonds a provision reflecting this right:

Conditional Notice of Redemption. In the case of an optional redemption, the notice of redemption may state that (1) it is conditioned upon the deposit of moneys in the Redemption Account or with an escrow agent under an escrow deposit agreement, in amounts necessary to effect the redemption, no later than the redemption date or (2) the County retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a “Conditional Redemption”), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described in this subsection. Any such notice of Conditional Redemption shall be captioned “Conditional Notice of Redemption.” Any Conditional Redemption may be rescinded at any time prior to the redemption date if the County delivers a written direction to the Paying Agent directing the Paying Agent to rescind the redemption notice. The Paying Agent shall give prompt notice of such rescission to the affected Bondholders. Any Series 2007 Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and neither the rescission nor the failure by the County to make such funds available shall constitute an Event of Default. The County shall give immediate notice to the securities information repositories and the affected Bondholders that the redemption did not occur and that the Series 2007 Bonds called for redemption and not so paid remain Outstanding.

Section 12. Creation of Subaccounts. The following two separate subaccounts are created and established for the benefit of the Series 2007 Bonds in the Debt Service Fund created pursuant to Section 502 of the Master Ordinance, “Series 2007 Bond Service Subaccount,” and

“Series 2007 Redemption Subaccount.” The Finance Director is authorized to create or cause to be created such additional subaccounts as shall be necessary or advisable in connection with the issuance of the Series 2007 Bonds. Amounts held in any such subaccounts are to be held solely for the benefit of the Series 2007 Bonds.

Section 13. Payment and Ownership of Series 2007 Bonds. The principal of or any premium on any Series 2007 Bond shall be payable when due to a Bondholder upon presentation and surrender of such Series 2007 Bond at the designated office of the Paying Agent and interest on each Series 2007 Bond shall be paid on each Interest Payment Date by check or draft, mailed by the Paying Agent on that Interest Payment Date to the registered owner of the Series 2007 Bond as of the close of business on the Regular Record Date applicable to that Interest Payment Date and at the Bondholder’s address as it appears on the registration books of the Registrar on that Regular Record Date, *provided, however*, that (i) so long as the ownership of such Series 2007 Bonds are maintained in a Book-Entry-Only-System by a securities depository, such payment shall be made by automatic funds transfer (“wire”) to such securities depository or its nominee and (ii) if such Series 2007 Bonds are not maintained in a Book-Entry-Only-System by a securities depository, upon written request of the registered owner of \$1,000,000 or more in principal amount of Series 2007 Bonds delivered 15 days prior to an Interest Payment Date, interest may be paid when due by wire in immediately available funds. If and to the extent, however, the County fails to make payment or provision for payment on any Interest Payment Date of interest on any Series 2007 Bond, interest shall be payable to the person in whose name such bond is registered at the close of business on a special record date for the payment of such defaulted interest as established by notice mailed by the Registrar to the registered owners of the Series 2007 Bonds not less than fifteen days preceding such special record date. Such notice

shall be mailed to the persons in whose name the Series 2007 Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

The registered owner of any Series 2007 Bond shall be deemed and regarded as the absolute owner of the Series 2007 Bonds for all purposes of this Series 2007 Resolution. Payment of or on account of the debt service on any Series 2007 Bond shall be made only to or upon the order of that registered owner or such registered owner's attorney-in-fact duly authorized in writing in the manner permitted by law, and none of the County, the Paying Agent or the Registrar shall be affected by notice to the contrary. All payments made as described in the Series 2007 Resolution shall be valid and effective to satisfy and discharge the liability upon that Series 2007 Bond, including without limitation, the interest on that Series 2007 Bond, to the extent of the amount or amounts so paid.

Section 14. Modification or Amendment. This Series 2007 Resolution shall constitute a contract between the County and the registered owners from time to time of the Series 2007 Bonds. Except as provided in the Series 2007 Resolution, no material amendment or modification of this Series 2007 Resolution or of any resolution amendatory of this Series 2007 Resolution or supplemental to this Series 2007 Resolution may be made without the consent of the registered owners of at least a majority in principal amount of the Series 2007 Bonds then Outstanding.

Notwithstanding anything in this Series 2007 Resolution to the contrary, (i) this Series 2007 Resolution may be amended without the consent of Bondholders to provide clarification, correct omissions, make technical changes, comply with state laws or to make such additions, deletions or modifications as may be necessary to assure compliance with Section 148 of the Code, as amended or otherwise as may be necessary to assure exclusion of interest on the Series

2007 Bonds from gross income for federal income tax purposes, and such other amendments that do not materially adversely affect the interest of registered owners of Bonds then Outstanding; and (ii) if a Credit Facility has been issued with respect to the Series 2007 Bonds, the Credit Facility Provider may give consents, on behalf of the registered owners of the Series 2007 Bonds insured or secured by it, to any of the foregoing amendments in accordance with the provisions of Section 803 of the Master Ordinance.

Section 15. Tax Covenants. The County covenants to take the actions required of it for interest on the Series 2007 Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would affect that exclusion. In furtherance of the foregoing covenant, the County agrees that it will comply with the provisions of a tax compliance certificate to be prepared by Bond Counsel and executed and delivered on the date of issuance of the Series 2007 Bonds. The Finance Director is authorized to execute and deliver such tax compliance certificate in customary form.

Notwithstanding anything in this Series 2007 Resolution to the contrary, the requirement of the County to rebate any amounts due to the United States pursuant to Section 148 of the Code shall survive the payment or provision for payment of the principal, interest and redemption premium, if any, with respect to all or any of the Series 2007 Bonds.

Section 16. State Revolving Fund Obligations to Be Subordinate. The County's obligations to the State under the various State Revolving Fund Loan Agreements shall be subordinate to the Outstanding Bonds, the Series 2007 Bonds and any Additional Bonds and Refunding Bonds issued and delivered pursuant to the Master Ordinance. The Finance Director is authorized and directed to deliver a certificate, if necessary, upon the issuance and delivery of

the Series 2007 Bonds, to confirm the annual debt service coverage required under the State Revolving Fund Loan Agreements.

Section 17. Escrow Deposit Agreement. The Escrow Deposit Agreement in substantially the form attached as Exhibit D to this Series 2007 Resolution is approved with such changes, insertions and omissions as shall be necessary and approved by the Finance Director, after consultation with the Director, the Financial Advisor, the County Attorney and Bond Counsel, with the execution and delivery of such agreement being conclusive evidence of the Board's approval of any such additions and deletions.

Section 18. Continuing Disclosure Commitment. To the extent required by applicable law:

(A) The County agrees, in accordance with the provisions of, and to the degree necessary to comply with, the secondary disclosure requirements of the Rule, to provide or cause to be provided for the benefit of the owners of the Series 2007 Bonds to each nationally recognized municipal securities information repository ("NRMSIR") and to the appropriate state information depository ("SID"), if any, designated by the State of Florida, the following annual financial information and operating data (the "Annual Information"), commencing with the Fiscal Year ending September 30, 2008:

(1) Operating Revenues and Pledged Revenues (as defined in the Master Ordinance) in a form which is generally consistent with the presentation of such information in the Official Statement for the Series 2007 Bonds.

(2) The audited general purpose financial statements of the Department utilizing generally accepted accounting principles applicable to municipal utilities as



described in the Official Statement, except as may be modified from time to time and described in such financial statements.

The information in clauses (1) and (2) above will be available on or before June 1 of each year for the preceding Fiscal Year and will be made available, in addition to each NRMSIR and the SID, to each registered owner of the Series 2007 Bonds who requests such information. Any assertion of legal or beneficial ownership must be filed, with full documentary support, as part of the written request described in this Section. The audited financial statements of the Department referred to in clause (2) above are expected to be available separately from the information in clause (1) above and will be provided by the County as soon as practical after acceptance of such statements from the auditors by the Department. The audited financial statements are generally available within eight (8) months from the end of the Fiscal Year.

(B) The County agrees to provide or cause to be provided, in a timely manner, to (i) each NRMSIR or to the Municipal Securities Rulemaking Board ("MSRB"), and (ii) the SID, notice of occurrence of any of the following events with respect to the Series 2007 Bonds, if such event is material:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions or events affecting the tax-exempt status of the Series 2007 Bonds;

- (7) modifications to rights of holders of the Series 2007 Bonds;
- (8) bond calls;
- (9) defeasance;
- (10) release, substitution or sale of any property securing repayment of the Series 2007 Bonds (the Series 2007 Bonds are solely secured by Pledged Revenues); and
- (11) rating changes.

(C) The County agrees to provide or cause to be provided, in a timely manner, to (i) each NRMSIR or to the MSRB, and (ii) the SID, notice of its failure to provide the Annual Information with respect to itself on or prior to June 1 following the end of the preceding Fiscal Year.

(D) The obligations of the County under this Section shall remain in effect only so long as the Series 2007 Bonds are Outstanding. The County reserves the right to terminate its obligations to provide the Annual Information and notices of material events, as set forth above, if and when the County no longer remains an “obligated person” with respect to the Series 2007 Bonds within the meaning of the Rule.

(E) The County agrees that its undertaking pursuant to the Rule set forth in this Section is intended to be for the benefit of the beneficial owners of the Series 2007 Bonds and shall be enforceable by such beneficial owners if the County fails to cure a breach within a reasonable time of written notice from a beneficial owner that a breach exists, provided that any such beneficial owner’s right to enforce the provisions of this undertaking shall be on behalf of all beneficial owners and shall be limited to a right to obtain specific performance of the County’s obligations in a federal or State court located within the County and any failure by the County to comply with the provisions of this undertaking shall not be a default with respect to the Series 2007 Bonds.

(F) Additionally, the requirements of Subsection (A) above do not necessitate the preparation of any separate annual report addressing only the Series 2007 Bonds. The requirements of Subsection (A) may be met by the filing of an annual information statement or the County's Comprehensive Annual Financial Report, provided such report includes all of the required annual information and is available by June 1 of each year for the preceding Fiscal Year. Additionally, the County may incorporate any information in any prior filing with each NRMSIR and SID, if any, or included in any Official Statement of the County, provided such final Official Statement is filed with the MSRB.

(G) The County reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the County, provided that the County agrees that any such modification will be done in a manner consistent with the Rule.

(H) Except to cure any ambiguity, inconsistency or formal defect or omission in the provisions of this Section, the County covenants as to secondary disclosure (the "Covenants") may only be amended if:

(1) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the County or type of business conducted, the Covenants, as amended, would have complied with the requirements of the Rule at the time of award of the Series 2007 Bonds, after taking into account any amendments or change in circumstances, and the amendment does not materially impair the interests of the beneficial owners, as determined by Bond Counsel or other independent counsel knowledgeable in the area of Federal securities laws and regulations; or

(2) all or any part of the Rule, as interpreted by the staff of the Securities and Exchange Commission at the date of the adoption of this Series 2007 Resolution, ceases to be in effect for any reason, and the County elects that the Covenants shall be deemed amended accordingly.

Any assertion of beneficial ownership must be filed, with full documentary support, as part of the written request described above.

The Board further authorizes and directs the Finance Director to cause all other agreements to be made or action to be taken as required in connection with meeting the County's obligations as to the Covenants. The Finance Director shall further be authorized to make such additions, deletions and modifications to the Covenants as she shall deem necessary or desirable in consultation with the Director, the County Attorney, Disclosure Counsel and Bond Counsel. The delivery of the final Official Statement containing any such additions, deletions and modifications for and on behalf of the County by the Finance Director shall be conclusive evidence of the Board's approval of any such additions, deletions and modifications.

Section 19. Authorization of Further Actions; Additional Covenants and Agreements.  
The County Manager, the Director, the Finance Director, the County Attorney, the Clerk and other officers, employees and agents of the County are authorized and directed to do all acts and things and to execute and deliver any and all documents and certificates which they deem necessary or advisable in order to consummate the issuance of the Series 2007 Bonds and otherwise to carry out, give effect to and comply with the terms and intent of this Series 2007 Resolution, the Series 2007 Bonds and the documents described in this Series 2007 Resolution. In the event that the Mayor, the County Manager, the Director, the Finance Director, the Clerk or the County Attorney is unable to execute and deliver the documents contemplated in this Series

2007 Resolution, such documents shall be executed and delivered by the respective designee of such officer or official or any other duly authorized officer or official of the County.

Section 20. Severability; Resolution Controlling. In case any one or more of the provisions of this Series 2007 Resolution or any document approved by this Series 2007 Resolution shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Series 2007 Resolution or such document, as the case may be, and such other provisions shall be construed and enforced as if such illegal or invalid provision had not been contained in this Series 2007 Resolution or such document. All or any part of any resolutions or proceedings in conflict with the provisions of this Series 2007 Resolution are to the extent of such conflict repealed or amended to the extent of such inconsistency.

Section 21. Governing Law. The Series 2007 Bonds are to be issued and this Series 2007 Resolution is adopted and the Bond Purchase Agreement and such other instruments necessary for the issuance of the Series 2007 Bonds shall be executed and delivered with the intent that, except to the extent specifically provided in such documents, the laws of the State of Florida shall govern their construction.

Section 22. Waivers. The provisions of Resolution No. R-1198-05, as amended by Resolution No. R-130-06, requiring that any contracts of the County with third parties be executed and finalized prior to their placement on the committee agenda are hereby waived at the request of the County Manager for the reasons set forth in the County Manager's Memorandum.

The foregoing resolution was offered by Commissioner \_\_\_\_\_, who moved its adoption. The motion was seconded by Commissioner \_\_\_\_\_ and upon being put to a vote, the vote was as follows:

Bruno A. Barreiro, Chairman	
Barbara J. Jordan, Vice-Chairwoman	
Jose "Pepe" Diaz	Audrey M. Edmonson
Carlos A. Gimenez	Sally A. Heyman
Joe A. Martinez	Dennis C. Moss
Dorrin D. Rolle	Natacha Seijas
Katy Sorenson	Rebeca Sosa
Sen. Javier D. Souto	

The Chairperson thereupon declared the resolution duly passed and adopted this 24<sup>th</sup> day of July, 2007. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA  
BY ITS BOARD OF  
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: \_\_\_\_\_  
Deputy Clerk

Approved by County Attorney as  
to form and legal sufficiency.



Gerald T. Heffernan

Prepared by Bond Counsel:  
Squire, Sanders & Dempsey L.L.P.  
KnoxSeaton

EXHIBIT A

FORM OF SERIES 2007 BOND

No. R-

\$

UNITED STATES OF AMERICA  
STATE OF FLORIDA  
MIAMI-DADE COUNTY, FLORIDA  
WATER AND SEWER SYSTEM REVENUE REFUNDING BOND, SERIES 2007

INTEREST RATE                      MATURITY                      DATED DATE                      CUSIP

REGISTERED OWNER:

PRINCIPAL AMOUNT:

Miami-Dade County, Florida, a political subdivision of the State of Florida (the "County"), for value received, hereby promises to pay, but only from the special funds described in this Bond, to the Registered Owner of this Bond specified above on the date shown above, unless this Bond shall have been called for earlier redemption and payment of the redemption price shall have been duly made or provided for, upon surrender of this Bond, the principal of this Bond and to pay to the Registered Owner of this Bond at the close of business on the Regular Record Date (defined below), but only from said special funds, interest on this Bond from the interest payment date next preceding the date on which this Bond is authenticated unless it is authenticated on an interest payment date, in which event it shall bear interest from such date or if it is authenticated prior to the first interest payment date, in which event it shall bear interest from the Dated Date specified above, until payment of said principal amount has been made or provided for, at the interest rate shown above on the first day of April and October of each year, commencing \_\_\_\_\_ 1, 200\_. Regular Record Date for the purposes of this Bond shall mean the fifteenth day of the calendar month next preceding the interest payment date. The interest on this Bond is payable by check or draft drawn on the Paying Agent hereinafter mentioned and the principal is payable at the designated corporate trust office of \_\_\_\_\_, \_\_\_\_\_, or at the duly designated office of any duly appointed alternate or successor paying agent (the "Paying Agent"), provided that for any Registered Owner of one million dollars (\$1,000,000) or more in principal amount of Bonds, such payment shall, upon the express written request of such Registered Owner delivered 15 days prior to an interest payment date, be made by wire transfer. If and to the extent, however, the County fails to make payment or provision for payment on any interest payment date of interest on this Bond, interest shall be payable to the Registered Owner of this Bond on a special record date for the payment of such defaulted interest (the "Special Record Date") as established by notice mailed by the Registrar to the Registered Owner of this Bond not less than fifteen days preceding such Special Record Date. Such notice shall be mailed to the Person who is the Registered Owner of this Bond at the close of business on the fifth (5<sup>th</sup>) day preceding the date of mailing. The principal of, premium, if any, and interest on this Bond shall be paid in any

coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts.

This Bond is one of a duly authorized series of revenue refunding bonds of the County designated as "Miami-Dade County, Florida Water and Sewer System Revenue Refunding Bonds, Series 2007" (the "Series 2007 Bonds"), issued for the principal purpose of providing funds to refund [a portion of] the County's outstanding Water and Sewer System Revenue Bonds, Series 1997, pursuant to Ordinance No. 93-134, duly enacted by the Board of County Commissioners of Miami-Dade County, Florida (the "Board") on November 16, 1993 (the "Master Ordinance") and Resolution No. R-\_\_\_\_\_-07, duly adopted by the Board on \_\_\_\_\_, 2007 (the "Series 2007 Resolution" and, together with the Master Ordinance, the "Bond Ordinance"), reference to which Bond Ordinance is hereby made for the provisions, among others, with respect to the custody and application of the proceeds of the Series 2007 Bonds, the funds charged with and pledged to the payment of the principal of and the interest on the Series 2007 Bonds, the nature and extent of the security, the terms and conditions on which obligations on a parity with the Series 2007 Bonds may be issued under the Master Ordinance, the rights, duties and obligations of the County under the Bond Ordinance and the rights of the owners of the Series 2007 Bonds; and, by the acceptance of this Series 2007 Bond, the owner of this Series 2007 Bond assents to all the provisions of the Bond Ordinance. This Series 2007 Bond is issued, the Master Ordinance was enacted and the Series 2007 Resolution was adopted under the authority of the Constitution and laws of the State of Florida, including, but not limited to, the Home Rule Amendment and Charter of Miami-Dade County, Florida, as amended, Chapters 125 and 166, Florida Statutes, as amended, and all other applicable laws, and the Code of Miami-Dade County, Florida, as amended. Terms used in capitalized form in this Series 2007 Bond and not defined shall have the meanings assigned to such terms in the Bond Ordinance.

This Series 2007 Bond and the interest thereon is a special and limited obligation of the County, payable from and secured by a lien on and a pledge of certain income and earnings derived from the ownership and operation of the water and sewer utility (the "Utility") of the County, subject to the prior payment of expenses of operation and maintenance of the Utility (the "Pledged Revenues"), all in the manner provided in the Master Ordinance.

The Outstanding Bonds, the Series 2007 Bonds and any additional bonds (collectively, the "Bonds") issued under the Master Ordinance are and will be equally and ratably secured, to the extent provided in the Master Ordinance, by the pledge of the Pledged Revenues.

This Bond shall be a special limited obligation of the County payable solely from and secured solely by Pledged Revenues. This Bond does not constitute an indebtedness, liability, general or moral obligation, or a pledge of the faith, credit or power of the County, the State or any political subdivision of the State, within the meaning of any constitutional, statutory or charter provision. Neither the State nor any political subdivision of the State nor the County shall be directly or indirectly or contingently obligated to levy any ad valorem taxes on any property to pay the principal of or the interest on this Bond or other related costs, or to pay the same from any other funds of the County except from the Pledged Revenues. The acceptance of this Bond by the Registered Owner from time to time of this Bond shall be deemed an agreement between the County and such Registered Owner that this Bond and the indebtedness evidenced by this Bond shall not constitute a lien upon the Water and Sewer Utility, any part of the Water



and Sewer Utility, or any other property of the County, but shall constitute a lien only on the Pledged Revenues.

The Series 2007 Bonds maturing on October 1, \_\_\_\_\_ are subject to mandatory sinking fund redemption in part prior to maturity by lot, at a redemption price equal to 100% of the principal amount of the Series 2007 Bonds to be redeemed, commencing on October 1, \_\_\_\_\_ and on each October 1 thereafter, in the years and principal amounts set forth below:

Year

Principal Amount

\*

\*Final Maturity

The Series 2007 Bonds maturing on or before October 1, \_\_\_\_\_ shall not be subject to optional redemption prior to maturity. The Series 2007 Bonds maturing on or after October 1, \_\_\_\_\_ are subject to optional redemption prior to maturity, at the option of the County, in whole or in part at any time, on or after October 1, \_\_\_\_\_, and if in part, in maturities determined by the County and by lot within a maturity, at a redemption price equal to 100% of the principal amount of the Series 2007 Bonds to be redeemed, plus accrued interest to the date of redemption.

Any such redemption shall be made upon written notice not less than thirty (30) days prior to the redemption date to the Registered Owners of the Series 2007 Bonds to be redeemed, in the manner and under the terms and conditions provided in the Bond Ordinance. On the date designated for redemption, notice having been given and moneys for payment of the redemption price being held by the Paying Agent, all as provided in the Bond Ordinance, the Series 2007 Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Series 2007 Bonds on such date, interest on the Series 2007 Bonds so called for redemption shall cease to accrue, such Series 2007 Bonds shall cease to be entitled to any benefit or security under the Bond Ordinance, and the owners of such Series 2007 Bonds shall have no rights in respect of such Series 2007 Bonds except to receive payment of the redemption price. If less than all of one Series 2007 Bond is selected for redemption, the owner of such Series 2007 Bond or his legal representative shall present and surrender such Series 2007 Bond to the Paying Agent for payment of the principal amount of the Series 2007 Bond called for redemption, and the County shall execute and \_\_\_\_\_, as registrar, or any duly appointed successor registrar (the "Registrar") shall authenticate and deliver to or upon the order of such owner or his legal representative, without charge, for the unredeemed portion of the principal amount of the old Series 2007 Bond, a new Series 2007 Bond of the same maturity, bearing interest at the same rate and of any denomination or denominations authorized by the Bond Ordinance.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Bond Ordinance, or to institute action to enforce the covenants contained in the Bond Ordinance, or to take any action with respect to any event of default under the Bond Ordinance, or to institute, appear in or defend any suit or other proceeding, except as provided in the Bond Ordinance.

Modifications or alterations of the Bond Ordinance or of any amendatory or supplemental ordinance or resolution may be made only to the extent and in the circumstances permitted by the Bond Ordinance.

This Bond is transferable by the Registered Owner in person or by his attorney duly authorized in writing at the designated corporate trust office of the Registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Series 2007 Bond or Series 2007 Bonds of the same maturity and interest rate and of authorized denomination or denominations for the same aggregate principal amount will be issued in exchange to the transferee.

The Registrar shall not be required to transfer or exchange any Series 2007 Bond (a) after such Series 2007 Bond, or any portion, has been called for redemption, (b) during the period of 15 days next preceding the selection of Series 2007 Bonds to be redeemed or until after the mailing of any notice of redemption, or (c) during the period beginning on a Regular Record Date and ending on the succeeding interest payment date.

Each Series 2007 Bond delivered pursuant to any provision of the Bond Ordinance in exchange or substitution for, or upon the transfer of the whole or any part of one or more other Series 2007 Bonds, shall carry all of the rights to interest accrued and unpaid and to accrue that were carried by the whole or such part, as the case may be, of such one or more other Series 2007 Bonds, and notwithstanding anything contained in the Bond Ordinance, such Series 2007 Bonds shall be so dated or bear such notation, that neither gain nor loss in interest shall result from any such exchange, substitution or transfer.

No recourse shall be had for the payment of the principal of or interest on this Bond, or for any claim based on this Bond or on the Bond Ordinance, against any member, officer or employee, past, present or future, of the County or of any successor body, as such, either directly or through the County or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability of such members, officers or employees being released as a condition of and as consideration for the enactment of the Master Ordinance and the adoption of the Series 2007 Resolution by the County and the issuance of this Bond.

The County, the Registrar and the Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner for the purpose of receiving payment of, or on account of, the principal of and the interest due on this Bond and for all other purposes; and neither the County, the Registrar nor the Paying Agent shall be affected by notice to the contrary except the due execution and delivery to the Registrar of the Certificate of Transfer set forth at the end of this Bond.

All acts, conditions and things required by the Constitution and laws of the State of Florida and the Bond Ordinance to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed.

This Bond is not valid unless the Registrar's Certificate of Authentication endorsed on this Bond is duly executed.

IN WITNESS WHEREOF, Miami-Dade County, Florida has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor and its seal or a facsimile to be printed hereon and attested by the manual or facsimile signature of its Clerk or any Deputy Clerk and has caused this Bond to be dated as of \_\_\_\_\_, \_\_\_\_.

[SEAL]

MIAMI-DADE COUNTY, FLORIDA

By: \_\_\_\_\_  
Mayor

Attest: \_\_\_\_\_  
Clerk of the Board of  
County Commissioners

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the bonds of the Series designated herein, described in the within-mentioned Bond Ordinance.

\_\_\_\_\_,  
as Registrar

By: \_\_\_\_\_  
Authorized Signatory

Date of Authentication: \_\_\_\_\_

[STATEMENT OF INSURANCE]

## ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common

TEN ENT - as tenants by the entirety

JT TEN - as joint tenants with rights of survivorship and not as tenants in common

UNIFORM GIFT MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_  
(Cust) (Minor)

Under Uniform Gifts to Minors

Act \_\_\_\_\_  
(State)

Additional abbreviations may also be used though not in the above list.

## CERTIFICATE OF TRANSFER

FOR VALUE RECEIVED, \_\_\_\_\_, the undersigned, hereby sells, assigns and transfers unto \_\_\_\_\_ (Tax Identification or Social Security No. \_\_\_\_\_) the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

**EXHIBIT "B"**

**MIAMI-DADE COUNTY, FLORIDA**

\$ \_\_\_\_\_

**Water and Sewer System Revenue Refunding Bonds  
Series 2007**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2006

Board of County Commissioners of  
Miami-Dade County, Florida  
111 Northwest First Street  
Miami, Florida 33128-1995

Ladies and Gentlemen:

Morgan Keegan & Company, Inc. (the "Senior Manager"), acting on behalf of itself (and the "Co-Managers," collectively with the Senior Manager and the Co-Senior Managers, the "Underwriters") offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with Miami-Dade County, Florida (the "County"), which, upon acceptance of this offer by the County, will be binding upon the County and the Underwriters. This offer is made subject to acceptance by the County by execution of this Bond Purchase Agreement and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice by the Senior Manager to the County at any time prior to its acceptance by the County.

The Senior Manager represents that it is authorized on behalf of itself and the other Underwriters to enter into this Bond Purchase Agreement and to take any other actions which may be required on behalf of the other Underwriters.

All capitalized terms not otherwise defined in this Bond Purchase Agreement shall have the same meanings as set forth in the Bond Ordinance and in the Official Statement (as each are defined in this Bond Purchase Agreement).

1. Purchase and Sale of Bonds.

(a) Subject to the terms and conditions and in reliance upon representations, warranties and covenants set forth in this Bond Purchase Agreement, the Underwriters, jointly and severally, agree to purchase from the County, and the County agrees to sell to the Underwriters on the Closing Date, all but not less than all of the \$ \_\_\_\_\_ aggregate principal amount of the Miami-Dade County, Florida Water and Sewer System Revenue Refunding Bonds, Series 2007 (the "Series 2007 Bonds"), at the aggregate purchase price of \$ \_\_\_\_\_ (representing the principal amount of \$ \_\_\_\_\_, plus net original issue premium of \$ \_\_\_\_\_ and less an Underwriters' discount of \$ \_\_\_\_\_). The Series 2007 Bonds shall bear interest at the rates,

be sold to the public at the prices or yields and mature on the dates, all as set forth in and provided for on Schedule I to this Bond Purchase Agreement. The Official Statement of the County relating to the Series 2007 Bonds, dated \_\_\_\_\_, 2006, including the cover page and Appendices, in substantially the form attached to this Bond Purchase Agreement as Exhibit "A" and incorporated by reference, with such additional changes and amendments as shall be deemed necessary and approved by the Senior Manager and the Finance Director, is referred to as the "Official Statement". The Underwriters agree to make a bona fide public offering of the Series 2007 Bonds, solely pursuant to the Official Statement, at the initial offering prices or yields set forth in the Official Statement, reserving, however, the right to change such initial offering prices or yields after the initial public offering as the Senior Manager shall deem necessary in connection with the marketing of the Series 2007 Bonds and to offer and sell the Series 2007 Bonds to certain dealers (including dealers depositing the Series 2007 Bonds into investment trusts) at concessions to be determined by the Senior Manager. The Underwriters also reserve the right to over allot or effect transactions that stabilize or maintain the market prices of the Series 2007 Bonds at levels above that which might otherwise prevail in the open market and to discontinue such stabilizing, if commenced, at any time.

(b) The Series 2007 Bonds shall be issued pursuant to Ordinance No. 93-134, enacted by the Board of County Commissioners of Miami-Dade County, Florida (the "Board") on November 16, 1993 (the "Master Ordinance") as supplemented by Resolution No. \_\_\_\_\_ adopted by the Board on \_\_\_\_\_ (the "Series 2007 Resolution"). The Master Ordinance and the Series 2007 Resolution are collectively referred to as the "Bond Ordinance" in this Bond Purchase Agreement. The Series 2007 Bonds shall be substantially in the form described in the Series 2007 Resolution, and in addition to the Bond Ordinance, shall be issued in compliance with the Constitution of the State of Florida, and (i) Chapters 125 and 166, Florida Statutes, (ii) the Home Rule Amendment and Charter of Miami-Dade County, Florida, as amended (the "Charter"), (iii) the Code of Miami-Dade County, Florida, as amended (the "County Code") and (iv) other applicable provisions of law (collectively, the "Act"). The Underwriters have delivered to the County a disclosure letter containing the information required by Section 218.385, Florida Statutes, which letter is attached as Schedule II.

(c) The proceeds of the Series 2007 Bonds will be used, together with other available funds of the Miami-Dade Water and Sewer Department (the "Department") if any, to: (i) refund the County's Water and Sewer System Revenue Bonds, Series 1997 maturing after \_\_\_\_\_ (the "Refunded Bonds") by depositing with \_\_\_\_\_, as escrow agent (the "Escrow Agent") the amounts required by the Escrow Deposit Agreement dated \_\_\_\_\_, 2007 (the "Escrow Agreement") between the Escrow Agent and the County to defease the Refunded Bonds; [(ii) provide for the funding of the Reserve Account in order to make the balance on deposit in such Reserve Account equal to the Reserve Account Requirement after the issuance of the Series 2007 Bonds;] and (iii) pay the costs incurred in connection with the issuance of the Series 2007 Bonds, including the premiums for a municipal bond insurance policy [and a reserve account surety policy].

(d) The County authorizes the Underwriters to use and distribute copies of the Official Statement and copies of the Bond Ordinance in connection with the public offering and sale of the Series 2007 Bonds.



(e) The County consents to and ratifies the use by the Underwriters of the Preliminary Official Statement dated \_\_\_\_\_ relating to the Series 2007 Bonds (the "Preliminary Official Statement") for purposes of marketing the Series 2007 Bonds in connection with the original public offer, sale and distribution of the Series 2007 Bonds by the Underwriters. As of its date, the Preliminary Official Statement was "deemed final" (except for permitted omissions) by the County for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule").

(f) The County shall deliver, or cause to be delivered, to the Underwriters copies of the final Official Statement (dated the date of this Bond Purchase Agreement) relating to the Series 2007 Bonds, and shall cause copies of the Official Statement, in sufficient quantity for the Underwriters to comply with Rule G-32 of the Municipal Securities Rulemaking Board and the Rule to be available to the Underwriters within seven (7) business days of the execution of this Bond Purchase Agreement (but in no event later than the Closing Date) and in sufficient time to accompany any confirmation that requests payment from any customer of the Underwriters. Delivery of such copies of the Official Statement as provided above shall constitute the County's representation that such Official Statement is complete as of the date of its delivery. The County agrees to deliver to the Underwriters such reasonable quantities of the Preliminary Official Statement and Official Statement and such reasonable quantities of the Bond Ordinance as the Underwriters may request for use in connection with the offering and sale of the Series 2007 Bonds. On or before the Closing Date, the Senior Manager shall file, or cause to be filed, the Official Statement with all nationally recognized municipal securities information repositories and the Municipal Securities Rulemaking Board.

## 2. Events Requiring Disclosure.

If, after the date of this Bond Purchase Agreement and during the Disclosure Period (as defined in Section 5(w) hereof), any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the County shall notify the Underwriters thereof, and, if in the opinion of the County, in consultation with Disclosure Counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the County will at its own expense forthwith prepare and furnish to the Underwriters a sufficient number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriters) which will supplement or amend the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at such time, not misleading.

## 3. Good Faith Deposit.

In connection with the execution of this Bond Purchase Agreement, the Senior Manager, on behalf of the Underwriters, has delivered to the County a wire transfer credited to the order of the

County in immediately available federal funds in the aggregate amount of \$\_\_\_\_\_ (the "Good Faith Deposit"), which is being delivered to the County on account of the purchase price of the Series 2007 Bonds and as security for the performance by the Underwriters of their obligation to accept and to pay for the Series 2007 Bonds. If the County does not accept this offer, the Good Faith Deposit shall be immediately returned to the Senior Manager by wire transfer credited to the order of the Senior Manager in the amount of the Good Faith Deposit, plus the cost of federal funds to the Senior Manager for the Good Faith Deposit as calculated below. In the event the Closing takes place, the amount of the Good Faith Deposit shall be credited against the purchase price of the Series 2007 Bonds pursuant to Section 4 hereof. In the event of the County's failure to deliver the Series 2007 Bonds at the Closing, or if the County shall be unable at or prior to the Closing to satisfy the conditions to the obligations of the Underwriters contained in this Bond Purchase Agreement (unless such conditions are waived by the Senior Manager), or if the obligations of the Underwriters shall be terminated for any reason permitted by this Bond Purchase Agreement, the County shall immediately wire to the Senior Manager in federal funds the sum of the Good Faith Deposit plus an amount equal to the federal funds rate on the Good Faith Deposit, individually, from the date of this Bond Purchase Agreement, to the date of such wire, and such wire shall constitute a full release and discharge of all claims by the Underwriters against the County arising out of the transactions contemplated by this Bond Purchase Agreement. In the event that the Underwriters fail other than for a reason permitted under this Bond Purchase Agreement to accept and pay for the Series 2007 Bonds upon their tender by the County at the Closing, the amount of the Good Faith Deposit shall be retained by the County and such retention shall represent full liquidated damages and not a penalty, for such failure and for any and all defaults on the part of the Underwriters and the retention of such funds shall constitute a full release and discharge of all claims, rights and damages for such failure and for any and all such defaults. It is understood by both the County and the Underwriters that actual damages in the circumstances as described in the preceding sentence may be difficult or impossible to compute; therefore, the funds represented by the Good Faith Deposit are a reasonable estimate of the liquidated damages in this type of situation.

4. Closing.

The Closing will occur before 1:00 p.m., Eastern Standard Time, on \_\_\_\_\_, 2007 or at such other time or on such earlier or later date as shall have been mutually agreed upon by the County and the Senior Manager. Prior to the Closing, the County shall deliver the Series 2007 Bonds in definitive form to the Underwriters, through the facilities of The Depository Trust Company utilizing the DTC Fast system of registration, bearing CUSIP numbers and duly executed and authenticated. The County has provided DTC with its blanket issuer letter of representations. The Senior Manager, on behalf of the Underwriters, will accept such delivery and pay the purchase price of the Series 2007 Bonds less the amount of the Good Faith Deposit by delivering to the County a wire transfer credited to the order of the County in immediately available federal funds; provided, however, that the portion of the purchase price representing the premiums for the municipal bond insurance policy [and reserve account surety policy] may be paid by the Senior Manager, on behalf of the County, directly to \_\_\_\_\_ (the "Bond Insurer") in immediately available funds. Payment for and delivery of the Series 2007 Bonds shall be made at such place as the County may designate in writing. Such payment and delivery is called the "Closing" and the date of the Closing is called the "Closing Date."

5. Representations, Warranties and Covenants of the County.

The County, by its acceptance of this Bond Purchase Agreement, represents, warrants and covenants to each of the Underwriters as of the date of this Bond Purchase Agreement that:

(a) The County is a political subdivision of the State of Florida (the "State") duly created and validly existing under the Constitution and laws of the State;

(b) The Board has full legal right, power and authority to: (i) enact the Bond Ordinance; (ii) to authorize the Finance Director to execute and deliver this Bond Purchase Agreement, the Escrow Agreement and deliver the Official Statement; (iii) issue, sell, execute and deliver the Series 2007 Bonds to the Underwriters, as provided in this Bond Purchase Agreement; (iv) secure the Series 2007 Bonds in the manner contemplated by the Bond Ordinance; and (v) carry out and consummate all other transactions contemplated by the preceding documents and instruments; provided, however, that no representation is made concerning compliance with the federal securities laws or the securities or Blue Sky laws or the legality for investment under the laws of the various states;

(c) The Board has the full right, power and authority to pledge the Pledged Revenues pledged under the Bond Ordinance and described in the Official Statement for the payment of the Series 2007 Bonds;

(d) The Board has duly enacted the Master Ordinance and adopted the Series 2003 Resolution and has duly authorized or ratified: (i) the execution, delivery and performance of this Bond Purchase Agreement and the issuance, sale, execution and delivery of the Series 2007 Bonds; (ii) the delivery, use and distribution of the Preliminary Official Statement and the use and distribution and delivery of the Official Statement; and (iii) the taking of any and all such action as may be required on the part of the County to carry out, give effect to and consummate the transactions contemplated by the preceding documents and instruments; provided, however, that no representation is made by the County concerning compliance with the federal securities laws or securities or Blue Sky laws or the legality of the Series 2007 Bonds for investment under the laws of the various states;

(e) This Bond Purchase Agreement, when executed and delivered by the parties, and the Bond Ordinance constitute the legal, valid and binding obligations of the County enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally or subject to the exercise of the state's police power and to judicial discretion in appropriate cases;

(f) The County has complied, in all material respects, with the Bond Ordinance;

(g) The Bond Ordinance creates a valid pledge of, and lien and charge upon, the Pledged Revenues to the extent set forth in the Bond Ordinance;

(h) Other than as disclosed in the Official Statement, the enactment and adoption, as applicable, by the Board and performance by the County of its obligations under the Bond Ordinance and the authorization, execution, delivery and performance of its obligations under this Bond Purchase Agreement, the Series 2007 Bonds, and any other agreement or instrument to which the County is a party, used or contemplated for use in consummation of the transactions contemplated by this Bond Purchase Agreement or by the Official Statement, and, to the best of the County's knowledge, compliance with the provisions of each such instrument, do not conflict with, or constitute or result in: (i) a violation of the Constitution of the State, or any existing law, administrative regulation, rule, decree or order, state or federal, or the Charter or the County Code; or (ii) a breach of or default under a material provision of any agreement, indenture, lease, note or other instrument to which the County, or its properties or any of the officers of the County as such is subject; or (iii) the creation or imposition of any prohibited lien, charge or encumbrance of any nature upon any of the revenues, credit, property or assets of the County under the terms of the Constitution of the State or any law, instrument or agreement;

(i) The Preliminary Official Statement is true, correct and complete in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(j) The financial statements and other historical financial and statistical information contained in the Official Statement fairly present the financial position and results of operations of the Department as of the dates and for the periods set forth in such financial statements and statistical information in accordance with generally accepted accounting principles applied consistently;

(k) Except as otherwise described in the Official Statement, there has been no material adverse change since September 30, 2004 in the results of operations or financial condition of the Department other than changes in the ordinary course of business;

(l) Between the time of execution of this Bond Purchase Agreement by the County and Closing, the County will not execute or issue any indebtedness secured by the Pledged Revenues superior to or on a parity with the Series 2007 Bonds;

(m) The County will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters, at the Underwriters' expense, as the Senior Manager may reasonably request to qualify the Series 2007 Bonds for offer and sale and to determine the eligibility of the Series 2007 Bonds for investment under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as the Senior Manager may designate, provided that the County shall not be required to file a general consent to service of process or qualify to do business in any jurisdiction or become subject to service of process in any jurisdiction in which the County is not now subject to such service. It is understood that the County is not responsible for compliance with or the consequences of failure to comply with applicable Blue Sky or other securities laws and regulations or the legality of the Series 2007 Bonds for investment under the laws of the various states;

(n) To the best of the County's knowledge and belief, other than as described in the Official Statement, there is no claim, action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board or body pending, or, to the best knowledge of the County, threatened against or affecting the County: (i) to restrain or enjoin the issuance or delivery of any of the Series 2007 Bonds or the collection of revenues pledged under the Bond Ordinance; (ii) in any way contesting or affecting: (1) the authority for the issuance of the Series 2007 Bonds; (2) the validity or enforceability of the Series 2007 Bonds, the Bond Ordinance, the Pledged Revenues and this Bond Purchase Agreement; or (3) the power of the Board to adopt or enact, as applicable, the Bond Ordinance, to execute and deliver the Series 2007 Bonds and this Bond Purchase Agreement, or to consummate the transactions relating to the County contemplated by the Bond Ordinance and this Bond Purchase Agreement; (iii) in any way contesting the existence or powers of the County or the Board or the title to office of any member of the Board; or (iv) in any way contesting the completeness, accuracy or fairness of the Official Statement;

(o) The County will not knowingly take or omit to take any action, which action or omission would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2007 Bonds under the Internal Revenue Code of 1986, as amended;

(p) To the best of the County's knowledge, since December 31, 1975, the County has not been in default in the payment of principal of, redemption premium, if any, or interest on, any direct County indebtedness or other obligations in the nature of direct County indebtedness which it has issued, assumed or guaranteed as to payment of principal, redemption premium, if any, or interest;

(q) Any certificate signed by any official of the County and delivered to the Underwriters in connection with the issuance, sale and delivery of the Series 2007 Bonds shall be deemed to be a representation and warranty by the County to each of the Underwriters as to the statements made in such certificate;

(r) The description of the Series 2007 Bonds in the Official Statement conforms in all material respects to the Series 2007 Bonds;

(s) The County will apply the proceeds of the Series 2007 Bonds in accordance with the Bond Ordinance and as contemplated by the Official Statement;

(t) Neither the County nor anyone authorized to act on its behalf, directly or indirectly, has offered the Series 2007 Bonds for sale to, or solicited any offer to buy, the Series 2007 Bonds from anyone other than the Underwriters;

(u) All proceedings of the Board relating to the adoption or enactment, as applicable, of the Bond Ordinance, the approval of this Bond Purchase Agreement, the Escrow Agreement and the Official Statement and the approval and authorization of the issuance and sale of the Series 2007 Bonds were, or will be prior to Closing, conducted at duly convened meetings of the Board with respect to which all required notices were duly given to the public, at which quorums

were at all material times present and no authority or proceeding for the issuance of the Series 2007 Bonds has been or will be repealed, rescinded, or revoked;

(v) During the Disclosure Period: (i) the Board will not adopt any amendment or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriters shall reasonably object in writing, unless the County has obtained the opinion of Disclosure Counsel or Bond Counsel, stating that such amendment or supplement is necessary in order to make the Official Statement not misleading in light of the circumstances existing at the time that it is delivered to a purchaser; and (ii) if any event relating to or affecting the County shall occur which would or might cause the information contained in the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated in the Official Statement or necessary to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading, the County shall notify the Underwriters, and if as a result of which it is necessary, in the opinion of Counsel to the Underwriters, to amend or to supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser, the County shall immediately prepare and furnish to the Underwriters (at the expense of the County) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriters and the County) which will amend or supplement the Official Statement so that such Official Statement, as amended or supplemented, in the reasonable opinion of the County, will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements in the Official Statement, in light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading in any material respect. Unless otherwise notified in writing by the Underwriters on or prior to the Closing Date, the End of the Underwriting Period for the Series 2007 Bonds for all purposes of the Rule and Section 5(w)(ii) below, is the Closing Date. In the event such notice is given in writing by the Underwriters, the Underwriters agree to notify the County in writing following the occurrence of the End of the Underwriting Period for the Series 2007 Bonds, provided that such period shall not extend beyond thirty days following the Closing Date;

(w) (i) For the purposes of this Bond Purchase Agreement, the term "Disclosure Period" shall mean the earlier of: (1) ninety (90) days from the End of the Underwriting Period or (2) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case less than twenty-five (25) days following the End of the Underwriting Period.

(ii) For the purposes of this Bond Purchase Agreement, the term "End of the Underwriting Period" shall mean the later of (1) the Closing or (2) upon notice to the County described in subsection (x) above, the time at which the Underwriters do not retain an unsold balance of the Series 2007 Bonds for sale to the public; and

(x) The County will comply with the continuing disclosure commitment set out in the Series 2007 Resolution, including: (i) certain annual financial information and operating data (the "Annual Information") for the periods specified in the Series 2007 Resolution, together with the

Department's most recent audited financial statements that are normally available to the general public; (ii) timely notice of the occurrence of certain material events with respect the Series 2007 Bonds; and (iii) timely notice of the County's inability to provide the Annual Information on or before the date specified in the Series 2007 Resolution.

6. Conditions of Closing.

The Underwriters have entered into this Bond Purchase Agreement in reliance on the representations, warranties and covenants of the County. The obligations of the Underwriters shall be subject to the performance by the County of its obligations to be performed at or prior to the Closing, to the accuracy of and compliance with the representations, warranties and covenants of the County, in each such case as of the time of delivery of this Bond Purchase Agreement and as of the Closing, and are also subject, in the discretion of the Senior Manager, to the following further conditions:

(a) At Closing: (i) the Bond Ordinance shall be in full force and effect and shall not have been repealed, or amended in any material way since the date of this Bond Purchase Agreement unless agreed to by the Senior Manager; (ii) this Bond Purchase Agreement shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Senior Manager, and the County shall have executed each of them; (iii) the County shall have taken all action and performed all of its obligations as shall, in the opinions of Squire Sanders & Dempsey L.L.P. and KnoxSeaton ("Bond Counsel"), Hogan & Hartson L.L.P., McGhee & Associates and the Law Office of José A. Villalobos, P.A. ("Disclosure Counsel") or Nabors, Giblin & Nickerson, P.A. ("Counsel to the Underwriters"), be necessary in connection with the transactions contemplated by the Bond Ordinance, the Series 2007 Bonds and this Bond Purchase Agreement; (iv) the Series 2007 Bonds shall have been duly authorized, executed and delivered; and (v) the Official Statement shall not have been amended, modified or supplemented, except as provided in Section 2 of this Bond Purchase Agreement;

(b) At or prior to the Closing Date, the Underwriters shall have received the following:

(i) The opinion of the Office of the Miami-Dade County Attorney dated the Closing Date, in a form acceptable to the Senior Manager;

(ii) The final approving opinion of Bond Counsel, dated the Closing Date in substantially the form attached to the Official Statement as Appendix "D";

(iii) The opinion of Counsel to the Underwriters, dated the Closing Date, to the effect that the Series 2007 Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Bond Ordinance is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(iv) The opinion of Disclosure Counsel dated the Closing Date to the effect that based upon their participation in the preparation of the Official Statement as Disclosure Counsel and without having undertaken to determine independently the accuracy or completeness of the

contents of the Official Statement, nothing has come to the attention of such counsel which has caused them to believe that the Official Statement (except for the financial, engineering and statistical data included in the Official Statement, as to which no view need be expressed) as of its date contained, or as of the Closing Date contains, any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements made in the Official Statement, in light of the circumstances under which they were made, not misleading and the continuing disclosure requirements of the Bond Ordinance satisfy the requirements contained in Rule 15c2-12(b)(i);

(v) The supplemental opinions of Bond Counsel, dated the Closing Date, in a form acceptable to the Senior Manager and the County; and

(vi) An executed copy of this Bond Purchase Agreement.

(c) At Closing, the Underwriters shall receive a certificate, dated the Closing Date signed by the Finance Director to the effect that, to the best of her knowledge, information and belief: (i) the representations and warranties of the County contained in this Bond Purchase Agreement are true and correct in all material respects as of the Closing Date as if made on the Closing Date, (ii) the County has performed all obligations to be performed under this Bond Purchase Agreement as of the Closing Date, (iii) when paid for by the Underwriters at the Closing in accordance with the provisions of this Bond Purchase Agreement, and when authenticated by the Registrar, the Series 2007 Bonds are duly authorized, executed, issued and delivered and constitute legal, valid and binding obligations of the County enforceable in accordance with their terms and the terms of the Bond Ordinance, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally or subject to the exercise of the state's police power and to judicial discretion in appropriate cases, and (iv) all approvals, consents and orders of and filings with any governmental authority or agency, if any, which would constitute a condition precedent to the issuance of the Series 2007 Bonds or the execution and delivery of or the performance by the County of its obligations under this Bond Purchase Agreement, the Series 2007 Bonds, or the Bond Ordinance have been obtained or made and any consents, approvals and orders so received or filings so made are in full force and effect; provided, however, that no representation or authorization is made concerning compliance with the federal securities laws or the securities or Blue Sky laws of the various states or the legality of the Series 2007 Bonds for investment under the laws of the various states;

(d) At Closing, the Underwriters shall receive a certificate, dated the Closing Date signed by the Department Director to the effect that the information in the Official Statement with respect to the Department, the Utility (as defined in the Bond Ordinance) and the Pledged Revenues is true, correct and complete in all material respects and does not contain any untrue statements of a material fact or omit to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(e) At Closing, the Underwriters shall receive a copy of the Bond Ordinance certified by the Ex-Officio Clerk or Deputy Clerk of the Board as a true and correct copy of the originals, as currently in full force and effect and as not having been otherwise amended since its enactment and adoption, as the case may be, except as provided in this Bond Purchase Agreement;



(f) At Closing, the Underwriters shall receive letters from Fitch Ratings ("Fitch"), Moody's Investors Service, Inc. ("Moody's") and Standard and Poor's Rating Group, a division of McGraw Hill Companies ("S&P") confirming that they have rated the Series 2007 Bonds "AAA", "Aaa" and "AAA" respectively, and that such ratings are in effect on the Closing Date;

(g) At Closing, the Underwriters shall receive a certificate from the Paying Agent, dated the Closing Date and addressed to the Bond Counsel and the County to the effect that: (i) the Paying Agent is a [national banking association], duly organized and validly existing under the laws of the United States of America and authorized to do business in the State; (ii) the Paying Agent has duly accepted its duties under the Bond Ordinance; and (iii) the Paying Agent has taken all necessary corporate actions required to act in its role as Paying Agent under the Bond Ordinance to perform its duties under each.

(h) At Closing, the Underwriters will receive two copies of the Official Statement;

(i) At Closing, the Underwriters shall receive a transcript of the proceedings relating to the authorization and issuance of the Series 2007 Bonds that shall include certified or executed copies of the Bond Ordinance, this Bond Purchase Agreement and the Escrow Agreement.

(j) At Closing, the Underwriters shall receive evidence satisfactory to the Underwriters that the Bond Insurer has issued a policy of insurance guaranteeing the timely payment of principal of and interest on the Series 2007 Bonds (the "Policy");

(k) At Closing, the Underwriters shall receive an opinion of Bond Insurer's counsel, addressed to the Underwriters and the County as to the Policy's enforceability and a certificate of an appropriate officer of the Bond Insurer to the effect that the information in the Official Statement under the caption "Municipal Bond Insurance" is true and correct in all material respects;

(l) At Closing, the County shall have received a letter for Rachlin Cohen & Holtz LLP consenting to the inclusion of the audited financial report in the Official Statement;

(m) At Closing, the Underwriters shall receive evidence of compliance with the requirements of the Master Ordinance relating to the issuance of refunding bonds in the form of the certifications required by Section 209 of the Master Ordinance;

(n) At Closing, the Underwriters shall receive a copy of the verification report prepared by \_\_\_\_\_, with respect to the sufficiency of the deposits made under the Escrow Agreement and the yield on the Series 2007 Bonds; and

(o) At Closing, the Underwriters shall receive such additional legal opinions, certificates (including such certificates as may be required by regulations of the Internal Revenue Service in order to establish the exclusion from income, for federal income tax purposes, of the interest on the Series 2007 Bonds, which certificates shall be satisfactory in form and substance to

Bond Counsel) and other evidence as the Senior Manager, Bond Counsel or Counsel to the Underwriters may reasonably deem necessary.

The foregoing opinions, certificates and other evidence shall be in form and substance satisfactory to the Senior Manager, including but not limited to, any certifications contained in any omnibus certificate delivered by the County in connection with the Closing.

If the County fails to satisfy the conditions to the obligations of the Underwriters contained in this Bond Purchase Agreement, or if any representation or covenant of the County is false or breached in any material respect, or if the obligations of the Underwriters shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriters nor the County shall be under any further obligation or liability to the other, except as provided in Section 8 and except that the Good Faith Deposit shall be returned to the Senior Manager by the County as provided in Section 3.

7. Termination of Bond Purchase Agreement.

The Senior Manager may terminate this Bond Purchase Agreement, in its absolute discretion, without liability, by written notification to the County, if at any time subsequent to the date of this Bond Purchase Agreement and prior to the Closing:

(a) The marketability of the Series 2007 Bonds, in the reasonable opinion of the Senior Manager, has been materially adversely affected by an amendment to the Constitution of the United States of America or by any legislation (other than any actions taken by either House of Congress on or prior to the date of this Bond Purchase Agreement): (i) enacted or adopted by the United States of America; (ii) recommended to the Congress or otherwise endorsed for passage, by press release, other form of notice or otherwise, by the President of the United States of America, the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, the Treasury Department of the United States of America or the Internal Revenue Service; or (iii) favorably reported out of the appropriate Committee for passage to either House of the Congress by any full Committee of such House to which such legislation has been referred for consideration, or by any decision of any court of the United States of America or by any order, rule or regulation (final, temporary or proposed) on behalf of the Treasury Department of the United States of America, the Internal Revenue Service or any other authority or regulatory body of the United States of America, or by a release or announcement or communication issued or sent by the Treasury Department or the Internal Revenue Service of the United States of America, or any comparable legislative, judicial or administrative development affecting the federal tax status of the County, its property or income, obligations of the general character of the Series 2007 Bonds, or any tax exemption of the Series 2007 Bonds; or

(b) Any legislation, rule, or regulation shall be introduced in, or be enacted or adopted by any department or agency in the State, or a decision by any court of competent jurisdiction within the State shall be rendered which, in the reasonable opinion of the Senior Manager, materially affects the market for the Series 2007 Bonds or the sale, at the contemplated

offering prices stated in this Bond Purchase Agreement, by the Underwriters of the Series 2007 Bonds to be purchased by them; or

(c) Any amendment or supplement to the Official Statement is proposed by the County or deemed necessary by Bond Counsel or Disclosure Counsel which, in the reasonable opinion of the Senior Manager, materially adversely affects the market price for the Series 2007 Bonds or the sale, at the prices stated in this Bond Purchase Agreement, by the Underwriters of the Series 2007 Bonds; or

(d) Legislation shall be enacted or adopted, or any action shall be taken by, or on behalf of, the United States Securities and Exchange Commission (the "Commission") which, in the reasonable opinion of Counsel to the Underwriters, has the effect of requiring the contemplated distribution of the Series 2007 Bonds to be registered under the Securities Act of 1933, as amended, or the Series 2003 Resolution or the Master Ordinance to be qualified under the Trust Indenture Act of 1939, as amended, or any laws analogous thereto relating to governmental bodies, and compliance therewith cannot be accomplished prior to the Closing; or

(e) Legislation shall be introduced by amendment or otherwise in or be enacted by, the House of Representatives or the Senate of the Congress of the United States of America, or a decision by a Court of the United States of America shall be rendered, or a stop order, ruling, release, regulation, official statement or no-action letter by or on behalf of the Commission or any other governmental agency having jurisdiction of the subject matter of the Series 2007 Bonds shall have been proposed, issued or made (which is beyond the control of the Senior Manager or the County to prevent or avoid) to the effect that the issuance, offering or sale of the Series 2007 Bonds, including all the underlying obligations as contemplated by this Bond Purchase Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Series 2007 Bonds is or would be in violation of any of the federal securities laws at Closing, including the Securities Act of 1933, as amended and then in effect, the Securities Exchange Act of 1934, as amended and then in effect, or the Trust Indenture Act of 1939, as amended and then in effect, or with the purpose or effect of otherwise prohibiting the offering and sale of obligations of the general character of the Series 2007 Bonds, as contemplated by this Bond Purchase Agreement; or

(f) There shall have occurred, after the signing of this Bond Purchase Agreement, either a financial crisis or a default with respect to the debt obligations of the County, or proceedings under the federal or State bankruptcy laws shall have been instituted by the County, in either case the effect of which in the reasonable judgment of the Senior Manager, is such as to materially and adversely affect: (i) the market price or the sale at the contemplated offering prices as stated in this Bond Purchase Agreement, by the Underwriters of the Series 2007 Bonds or (ii) the ability of the Underwriters to enforce contracts for the sale of the Series 2007 Bonds; or

(g) A general banking moratorium shall have been declared by the United States of America, New York or State authorities, which in the reasonable opinion of the Senior Manager, materially adversely affects the market for the Series 2007 Bonds or the sale, at the contemplated offering prices, by the Underwriters of the Series 2007 Bonds; or

(h) Any national securities exchange, or any governmental authority, shall impose as to the Series 2007 Bonds or any obligation of the general character of the Series 2007 Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of the Underwriters, or the establishment of material restrictions upon trading of securities, including limited or minimum prices, by any governmental authority or by any national securities exchange; or

(i) Legal action shall have been filed against the County from which an adverse ruling would materially adversely affect the transactions contemplated by this Bond Purchase Agreement or by the Official Statement or the validity of the Series 2007 Bonds, the Bond Ordinance or this Bond Purchase Agreement; provided, however, that as to any such litigation, the County may request and the Senior Manager may accept an opinion by Bond Counsel, or of other counsel acceptable to the Senior Manager, that in such counsel's opinion the issues raised by any such litigation or proceeding are without substance or that the contentions of any plaintiff are without merit; or

(j) The rating of securities insured by the Bond Insurer shall have been downgraded below "AAA" by Fitch, "Aaa" by Moody's or "AAA" by S&P by after the date of this Bond Purchase Agreement, or trading in any securities of the County shall have been suspended on any national securities exchange; or any proceeding shall be pending or threatened by the Commission against the County; or a general suspension of trading on the New York Stock Exchange or the American Stock Exchange or other national securities exchange the effect of which, in the opinion of the Senior Manager, is to affect materially and adversely the market prices of the Series 2007 Bonds; or

(k) Any information shall have become known or an event shall have occurred which, in the Senior Manager's reasonable opinion, makes untrue, incorrect or misleading in any material respect any statement or information contained in the Official Statement, as that information has been supplemented or amended, or causes the Official Statement, as so supplemented or amended, to contain an untrue, incorrect or misleading statement of a material fact or to omit to state a material fact required or necessary to be stated in the Official Statement in order to make the statements made in the Official Statement, in light of the circumstances under which they were made, not misleading and upon the receipt of notice of same by the County, (i) the County fails to promptly amend or supplement the Official Statement in a manner which is reasonably acceptable in form and content to the Senior Manager or (ii) the County agrees to the proposed amendment and such disclosed information or event in the reasonable opinion of the Senior Manager (upon due inquiry by the Senior Manager and the County's Financial Advisor as to the effect such information or event has on the market price of the Series 2007 Bonds or their sale at the prices stated in this Bond Purchase Agreement), materially adversely affects the market price for the Series 2007 Bonds or their sale, at the prices stated in this Bond Purchase Agreement, and the County's Financial Advisor concurs in such conclusion; or

(l) There shall have occurred an outbreak or escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis which, in the

reasonable opinion of the Senior Manager, would have a material adverse affect on the market price of the Series 2007 Bonds or their sale at the prices stated in this Bond Purchase Agreement; or

(m) Trading in securities generally on the New York Stock Exchange shall have been suspended or limited or minimum prices shall have been established on such Exchange.

8. Expenses.

(a) The County agrees to pay all expenses incident to the performance of its obligations under this Bond Purchase Agreement, including, but not limited to: (i) the cost of the preparation, printing or other reproduction (for distribution prior to, on, or after the date of acceptance of this Bond Purchase Agreement) of copies of the Preliminary Official Statement and Official Statement; (ii) charges made by rating agencies for the rating of the Series 2007 Bonds; (iii) the fees and charges of the Paying Agent and Escrow Agent; (iv) the fees and disbursements of Bond Counsel, Disclosure Counsel, the Financial Advisor and of any other experts or consultants retained by the County; (v) the cost of any insurance premium or other credit enhancements; (vi) the cost of any consent letters, statements or certificates delivered by the Department's accountants or consultants; and (vii) any other cost incidental to the issuance of the Series 2007 Bonds except as described in (b) below.

(b) The Underwriters shall pay all expenses incident to their performance, including, but not limited to: (i) the cost of delivering the Series 2007 Bonds from New York, New York, to the purchasers; (ii) the fees and disbursements of Counsel to the Underwriters; and (iii) all other expenses incurred by them or any of them in connection with their offering and distribution of the Series 2007 Bonds, including the preparation, printing and separate distribution, if any, of the Blue Sky memoranda and legal investment surveys, if any.

(c) In the event either the County or the Underwriters shall have paid obligations of the other as set forth in this Section, appropriate reimbursements and adjustments shall be made.

9. Truth in Bonding Statement.

The proceeds of the Series 2007 Bonds will be used, together with other available funds of the Department, if any, (i) to refund the Refunded Bonds; [(ii) to provide for funding of the Reserve Account in order to make the balance on such Reserve Account equal to the Reserve Amount Requirement after the issuance of the Series 2007 Bonds;] and (iii) to pay costs incurred in connection with the issuance of the Series 2007 Bonds, including the premium for a municipal bond insurance policy and reserve account surety bond policy.

The debt or obligation created by the Series 2007 Bonds are expected to be repaid over a period of ten years. At a true interest cost (TIC) of \_\_\_\_\_%, the total interest paid over the life of the debt obligation will be \$ \_\_\_\_\_ for the Series 2007 Bonds.

The source of repayment or security for this proposal to issue the Series 2007 Bonds is exclusively limited to the Pledged Revenues. Authorizing this debt or obligation will result in

amounts ranging from \$ \_\_\_\_\_ to a maximum annual amount of \$ \_\_\_\_\_ of the Pledged Revenues not being available to the Department to finance other services of the Department for the \_\_\_\_\_ year period that the Series 2007 Bonds are outstanding.

10. Public Entity Crimes.

The Underwriters represent that each of them, including its employees, officers, directors, executives, partners, shareholders, or agents who are active in the management of the entity, have not been charged with and convicted of a public entities crime pursuant to Section 287.133 Florida Statutes.

11. Miscellaneous.

(a) All notices, demands and formal actions shall be in writing and mailed, telegraphed, or delivered to:

The Underwriters:

Morgan Keegan & Company, Inc.  
100 Morgan Keegan Drive  
Suite 400  
Little Rock, Arkansas 72202  
Attention: \_\_\_\_\_

The County:

Miami-Dade County, Florida  
Stephen P. Clark Center  
111 N.W. First Street, Suite 2550  
Miami, Florida 33128-1995  
Attention: Finance Director

with a copy to  
Suite 2810  
Attention: County Attorney

and

Miami-Dade Water and Sewer Department  
3071 S.W. 38<sup>th</sup> Avenue  
Room 506  
Miami, FL 33146  
Attn: Assistant Director - Finance

(or such other addresses as may be designated in writing to the other party).

(b) This Bond Purchase Agreement will inure to the benefit of and be binding upon the parties and their successors and assigns, and will not confer any rights upon any other person. The terms "successors" and "assigns" shall not include any purchaser of any of the Series 2007 Bonds from the Underwriters merely because of such purchase.

(c) All the representations, warranties, covenants and agreements of the County in this Bond Purchase Agreement shall remain operative and in full force and effect as if made on the date of this Bond Purchase Agreement and the Closing Date, regardless of (i) any investigation made by or on behalf of any of the Underwriters, or (ii) delivery of and any payment for the Series 2007 Bonds.

(d) The agreements contained in Sections 3 and 8 shall survive any termination of this Bond Purchase Agreement.

(e) Section headings have been inserted in this Bond Purchase Agreement as a matter of convenience of reference only and it is agreed that such section headings are not a part of this Bond Purchase Agreement and will not be used in the interpretation of any provisions of this Bond Purchase Agreement.

(f) If any provisions of this Bond Purchase Agreement shall be held or deemed to be, or shall in fact be, invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any constitution, statute, or rule of public policy, or for any other reasons, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstances, or of rendering any other provisions or provisions of this Bond Purchase Agreement invalid, inoperative or unenforceable to any extent whatever.

(g) This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

(h) This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

(i) This Bond Purchase Agreement shall become effective upon the execution by the appropriate County officials of the acceptance of this Bond Purchase Agreement by the County and shall be valid and enforceable at the time of such acceptance.

**MORGAN KEEGAN & COMPANY, INC.,**  
on behalf of the Underwriters

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By:  
Title:

Accepted as of the date first above written:

**MIAMI-DADE COUNTY, FLORIDA**

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Name: Rachel E. Baum  
Title: Finance Director

Approved as to form and legal sufficiency:

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Name:  
Title: Assistant County Attorney



**SCHEDULE I**

**BOND TERMS**

**I. THE SERIES 2007 BONDS:**

Dated: Date of Delivery

Aggregate Principal Amount: \$ \_\_\_\_\_

**II. NET TO COUNTY AT CLOSING**

Series 2007 Bonds

Face Amount  
Plus: Net Original Issue Premium  
Less: Underwriters' Discount  
Less: Good Faith Deposit  
Net to County

\_\_\_\_\_

**III. REDEMPTION –**

**SCHEDULE II**

**DISCLOSURE LETTER**

Board of County Commissioners of  
Miami-Dade County, Florida  
111 Northwest First Street  
Miami, Florida 33128-1995

**MIAMI-DADE COUNTY, FLORIDA**

**\$ \_\_\_\_\_  
Water and Sewer System Revenue Refunding Bonds  
Series 2007**

Ladies and Gentlemen:

Pursuant to Section 218.385, Florida Statutes, and in reference to the issuance of the \$ \_\_\_\_\_ Miami-Dade County, Florida Water and Sewer System Revenue Bonds, Series 2007 (the "Series 2007 Bonds"), Morgan Keegan & Company, Inc. (the "Senior Manager"), acting on behalf of itself and \_\_\_\_\_ (the "Co-Senior Managers") and \_\_\_\_\_ (the "Co-Managers," collectively with the Senior Manager and the Co-Senior Managers, the "Underwriters") as named in the Bond Purchase Agreement (the "Bond Purchase Agreement"), dated \_\_\_\_\_, 2007 by and among the Underwriters and Miami-Dade County, Florida (the "County"), makes the following disclosures to the County.

The Underwriters are acting as investment bankers to the County for the public offering of the Series 2007 Bonds issued in the aggregate principal amount of \$ \_\_\_\_\_. The underwriters discount to be paid to the Underwriters for the Series 2007 Bonds is \$ \_\_\_\_\_.

1. Expenses estimated to be incurred by the Underwriters in connection with the issuance of the Series 2007 Bonds:

Underwriters Counsel Fees and Expenses  
BMA Fees  
Day Loan Interest  
DTC fee  
CUSIP fee  
Fed Funds  
Dalcomp/Dalnet  
Copies, FedEx, Mail  
Travel and other out-of-pocket expenses \_\_\_\_\_

TOTAL \_\_\_\_\_

\$ \_\_\_\_\_

2. Names, addresses and estimated amounts of compensation of any person who is not regularly employed by, or not a partner or officer of, an underwriter, bank, banker or financial consultant or advisor and who enters into an understanding with either the County or the Underwriters, directly, expressly or impliedly, to act solely as an intermediary between the County and the Underwriters for the purpose of influencing any transaction in the purchase of the Series 2007 Bonds:

None

3. The amount of underwriting spread expected to be realized:

Risk  
Average Takedown  
Expenses  
Management Fee

Total

4. Any other fee, bonus and other compensation estimated to be paid by the Underwriters in connection with the Series 2007 Bonds to any person not regularly employed or retained by the Underwriters:

5. The name and address of the Underwriters connected with the Series 2007 Bonds:

See attached list

Very truly yours,

Morgan Keegan & Company, Inc.

By: \_\_\_\_\_

Name:

Title:

**NAMES AND ADDRESSES OF THE UNDERWRITERS**

[to come]

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**EXHIBIT A**  
**OFFICIAL STATEMENT**

**EXHIBIT "C"**

**PRELIMINARY OFFICIAL STATEMENT DATED [\_\_\_\_\_] , 2007**

**NEW ISSUE- BOOK-ENTRY ONLY**

**RATINGS: Standard & Poor's: ☐**

**Moody's: ☐**

**Fitch: ☐**

*In the opinion of Squire, Sanders & Dempsey L.L.P. and KnoxSeaton, Bond Counsel, under existing law, (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2007 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) the Series 2007 Bonds and income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. Interest on the Series 2007 Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. For a more complete discussion of the tax aspects, see "TAX MATTERS" in this Official Statement.*

**\$ \_\_\_\_\_ \***

**MIAMI-DADE COUNTY, FLORIDA  
Water and Sewer System Revenue Refunding Bonds  
Series 2007**

**Dated: Date of Delivery**

**Due: October 1, as shown on the inside front cover**

The Miami-Dade County, Florida Water and Sewer System Revenue Refunding Bonds, Series 2007 (the "Series 2007 Bonds"), will be issued by Miami-Dade County, Florida (the "County") as fully-registered bonds in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2007 Bonds. Since purchases of beneficial interests in the Series 2007 Bonds will be made in book-entry only form in denominations of \$5,000 or any integral multiple of \$5,000, beneficial owners will not receive physical delivery of bond certificates. Interest on the Series 2007 Bonds will be payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2007. Principal of the Series 2007 Bonds will be payable at the designated office of [\_\_\_\_\_] , as Paying Agent and Registrar for the Series 2007 Bonds. As long as DTC or its nominee is the registered owner of the Series 2007 Bonds, payments of the principal of and interest on the Series 2007 Bonds will be made directly to DTC or its nominee. See "DESCRIPTION OF THE SERIES 2007 BONDS - Book-Entry Only System" in this Official Statement.

The Series 2007 Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity under the terms and conditions as more fully described herein.

The proceeds of the Series 2007 Bonds, together with other available funds of the Miami-Dade Water and Sewer Department (the "Department") will be used to: (i) refund a portion of the County's Water and Sewer System Revenue Bonds, Series 1997, and (ii) pay the costs of issuance of the Series 2007 Bonds, including the payment of the premium for a municipal bond insurance policy.

**THE SERIES 2007 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE COUNTY PAYABLE SOLELY FROM AND SECURED BY THE PLEDGED REVENUES. THE SERIES 2007 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS, LIABILITY, GENERAL OR MORAL OBLIGATION, OR A PLEDGE OF THE FAITH, CREDIT OR POWER OF THE COUNTY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OF THE STATE OF FLORIDA, WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER PROVISION. NEITHER THE STATE OF FLORIDA NOR ANY POLITICAL SUBDIVISION OF THE STATE OF FLORIDA NOR THE COUNTY SHALL BE DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATED TO LEVY ANY AD VALOREM TAXES ON ANY PROPERTY TO PAY PRINCIPAL OF, OR THE INTEREST ON, THE SERIES 2007 BONDS OR OTHER RELATED COSTS, OR TO PAY THE SAME FROM ANY OTHER FUNDS OF THE COUNTY EXCEPT FROM THE PLEDGED REVENUES. THE ACCEPTANCE OF THE SERIES 2007 BONDS BY THE REGISTERED OWNERS FROM TIME TO TIME OF THE SERIES 2007 BONDS WILL BE DEEMED AN AGREEMENT BETWEEN THE COUNTY AND SUCH REGISTERED OWNERS THAT THE SERIES 2007 BONDS AND THE INDEBTEDNESS EVIDENCED BY THE SERIES 2007 BONDS SHALL NOT CONSTITUTE A LIEN UPON THE WATER AND SEWER UTILITY, ANY PART OF SUCH WATER AND SEWER UTILITY, OR ANY OTHER PROPERTY OF THE COUNTY, BUT WILL CONSTITUTE A LIEN ONLY ON THE PLEDGED REVENUES.**

\* Preliminary; subject to change

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The payment of principal of, and interest on, the Series 2007 Bonds will be insured by a municipal bond insurance policy to be issued simultaneously with the delivery of the Series 2007 Bonds by [ ] as described in this Official Statement. For a discussion of the terms and provisions of this policy, including the limitations of this policy, see "MUNICIPAL BOND INSURANCE" in this Official Statement.

[Bond Insurer Logo]

This cover page contains information for quick reference only. It is *not* a complete summary of the information in this Official Statement. Investors must read this entire Official Statement, including the Appendices, to obtain information essential in making an informed investment decision with respect to the purchase of these securities.

*The Series 2007 Bonds are offered when, as and if issued by the County and accepted by the Underwriters, subject to the delivery of legal opinions by Squire, Sanders & Dempsey L.L.P., Miami, Florida, and KnoxSeaton, Miami, Florida, Bond Counsel. Certain legal matters will be passed upon for the County by the Office of the Miami-Dade County Attorney. Certain legal matters relating to disclosure will be passed upon for the County by Hogan & Hartson L.L.P., Miami, Florida, McGhee & Associates, Miami, Florida, and the Law Offices José A. Villalobos, P.A., Miami, Florida, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Nabors, Giblin & Nickerson, P.A., Tampa, Florida. PFM Dade Advisors LLC, Coral Gables, Florida, has served as Financial Advisor to the County and the Department in connection with the issuance of the Series 2007 Bonds. It is expected that the Series 2007 Bonds will be available for delivery through DTC in New York, New York, on or about [ ], 2007.*

**MORGAN KEEGAN & COMPANY, INC.**

**M. R. BEAL & COMPANY**

**ESTRADA HINOJOSA & COMPANY, INC.**

**CITI**

**MERRILL LYNCH & Co.**

GUZMAN & COMPANY

SIEBERT BRANDFORD SHANK & CO., LLC

RAMIREZ & Co., INC.

LOOP CAPITAL MARKETS, LLC

JACKSON SECURITIES

RAYMOND JAMES FINANCIAL, INC.

STIFEL, NICOLAUS & COMPANY, INCORPORATED  
Hanifen Imhoff Division

[A. G. EDWARDS & SONS, INC.]

[MORGAN STANLEY]

Dated: [ ], 2007

\$ \_\_\_\_\_ \*

**MIAMI-DADE COUNTY, FLORIDA**  
**WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS**  
**SERIES 2007**

**MATURITY SCHEDULE, PRINCIPAL AMOUNTS, CUSIP NUMBERS, INTEREST RATES, PRICES OR YIELDS**

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal Amount</u>	<u>CUSIP No.</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
20[ ]	\$[ ]			
20[ ]	[ ]			
20[ ]	[ ]			
20[ ]	[ ]			
20[ ]	[ ]			
20[ ]	[ ]			
20[ ]	[ ]			
20[ ]	[ ]			
20[ ]	[ ]			
20[ ]	[ ]			
20[ ]	[ ]			
20[ ]	[ ]			
20[ ]	[ ]			
20[ ]	[ ]			
20[ ]	[ ]			

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**MIAMI-DADE COUNTY, FLORIDA**

Carlos Alvarez, Mayor

**MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS**

Bruno A. Barreiro, Chairman

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**INDEPENDENT PUBLIC ACCOUNTANTS**

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Miami, Florida

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No dealer, broker, salesman or other person has been authorized by the County, the Department or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the County, the Department or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2007 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections in this Official Statement. The offering of the Series 2007 Bonds is made only by means of this entire Official Statement.

This Official Statement contains statements, which to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "belief," and similar expressions are intended to identify forward looking statements. Such statements may be subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE WEBSITE [\_\_\_\_\_]. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IF IT IS PRINTED IN FULL DIRECTLY FROM SUCH WEBSITE.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. *THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.*

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2007 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2007 BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN, OR WHICH PRODUCE YIELDS HIGHER THAN, THE PRICES OR YIELDS STATED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME, AFTER THE INITIAL OFFERING TO THE PUBLIC, BY THE UNDERWRITERS.

THE SERIES 2007 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, NOR HAS THE BOND ORDINANCE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PLEDGED REVENUES AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND INVESTMENT RISKS INVOLVED. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR GOVERNMENTAL ENTITY OR

AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED OR RECOMMENDED THE SERIES 2007 BONDS FOR SALE. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

OTHER THAN WITH RESPECT TO INFORMATION CONCERNING [ ] CONTAINED UNDER THE CAPTION "MUNICIPAL BOND INSURANCE" AND APPENDIX F - "SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY" HEREIN, NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY [ ] AND [ ] MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO (i) THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION; (ii) THE VALIDITY OF THE SERIES 2007 BONDS; OR (iii) THE TAX EXEMPT STATUS OF THE INTEREST ON THE SERIES 2007 BONDS.

This Preliminary Official Statement is deemed "final" by the County within the meaning of Rule 15c2-12(b) under the Securities Exchange Act of 1934, as amended, except for any information permitted by such Rule to be omitted.

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## OFFICIAL STATEMENT

relating to

\$ \_\_\_\_\_  
**MIAMI-DADE COUNTY, FLORIDA**  
**Water and Sewer System Revenue Refunding Bonds**  
**Series 2007**

### INTRODUCTION

The purpose of this Official Statement of Miami-Dade County, Florida (the "County"), which includes the inside cover page and Appendices, is to furnish certain information in connection with the issuance and sale by the County of \$ \_\_\_\_\_\* aggregate principal amount of Miami-Dade County, Florida Water and Sewer System Revenue Refunding Bonds, Series 2007 (the "Series 2007 Bonds"). The Series 2007 Bonds are being issued pursuant to the authority of, and in compliance with, the Constitution and Laws of the State of Florida (the "State"), including without limitation, (i) Chapter 125 and Chapter 166, Florida Statutes, each as amended from time to time; (ii) the Home Rule Amendment and Charter of the County, as amended; (iii) the Code of the County, as amended; and (iv) Ordinance No. 93-134 enacted by the Board of County Commissioners of the County (the "Board") on November 16, 1993 (the "Master Ordinance"), as supplemented by Resolution No. R-[ ] adopted by the Board on [ ], 2007 (the "Series 2007 Resolution," and together with the Master Ordinance, the "Bond Ordinance").

The Series 2007 Bonds are being issued, together with any other available funds of the Department, to: (i) refund a portion of the \$437,195,000 original aggregate principal amount of Dade County, Florida Water and Sewer System Revenue Bonds, Series 1997 (the "Series 1997 Bonds") [maturing after October 1, 20\_\_, in the aggregate principal amount of \$[ ]] (the "Refunded Bonds"), and (ii) pay the costs of issuance of the Series 2007 Bonds, including the payment of the premium for a municipal bond insurance policy.

The Series 2007 Bonds are being issued on a parity as to the source and security for payment with (i) the \$431,700,000 original aggregate principal amount of Dade County, Florida Water and Sewer System Revenue Bonds, Series 1994, currently outstanding in the principal amount of \$416,075,000 (the "Series 1994 Bonds"); (ii) the \$346,820,000 original aggregate principal amount of Dade County, Florida Water and Sewer System Revenue Bonds, Series 1995, currently outstanding in the principal amount of \$22,845,000 (the "Series 1995 Bonds"); (iii) the unrefunded portion of the Series 1997 Bonds, in the principal amount of \$[381,265,000]; (iv) the \$150,000,000 original aggregate principal amount of Miami-Dade County, Florida Water and Sewer System Revenue Bonds, Series 1999A, all of which are currently outstanding (the "Series 1999A Bonds"); (v) the \$248,890,000 original aggregate principal amount of Miami-Dade County, Florida Water and Sewer System Revenue Refunding Bonds, Series 2003, currently outstanding in the principal amount of \$194,770,000 (the "Series 2003 Bonds"); and (vi) the \$295,240,000 original aggregate principal amount of Miami-Dade County, Florida Water and Sewer System Revenue Refunding Variable Rate Demand Bonds, Series 2005, all of which are currently outstanding (the "Series 2005 Bonds," and collectively with the Series 1994 Bonds, the Series 1995 Bonds, the unrefunded portion of the Series 1997 Bonds, the Series 1999A Bonds and the Series 2003 Bonds, the "Outstanding Bonds") and with certain Hedge Obligations as hereinafter described and any future Additional Bonds. Any bonds issued under the provisions of the Master Ordinance shall hereinafter be referred to as the "Bonds."

This Official Statement contains descriptions of, among other things, the Series 2007 Bonds, the Bond Ordinance, the Miami-Dade Water and Sewer Department (the "Department") and the County.

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\* Preliminary; subject to change

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Such descriptions and information do not purport to be comprehensive or definitive. Certain information in this Official Statement has been provided by The Depository Trust Company, New York, New York ("DTC"). The County and the Department have not provided information in this Official Statement with respect to DTC and do not certify as to the accuracy or sufficiency of the disclosure policies of or content provided by DTC and are not responsible for the information provided by DTC. In addition, the County and the Department have not provided information in this Official Statement with respect to the Bond Insurer (as herein defined) and are not responsible for the information provided by the Bond Insurer. All references in this Official Statement to the Bond Ordinance and related documents are qualified by reference to such documents, and references to the Series 2007 Bonds are qualified in their entirety by reference to the form of such bonds included in the Bond Ordinance. *All capitalized terms in this Official Statement shall have the meanings assigned to such terms in the Bond Ordinance unless another meaning is ascribed to any of such terms in this Official Statement.*

## **PURPOSE OF THE SERIES 2007 BONDS**

### **General**

The proceeds of the Series 2007 Bonds, together with other available funds of the Department, will be used to: (i) refund the Refunded Bonds, and (ii) pay the costs of issuance of the Series 2007 Bonds, including the payment of the premium for a municipal bond insurance policy. See "ESTIMATED SOURCES AND USES OF FUNDS."

### **Plan of Refunding**

The Series 2007 Bonds are being issued to refund the Refunded Bonds in the aggregate principal amount of \$[\_\_\_\_\_]. The Series 1997 Bonds were issued to finance certain capital improvements to the Department's water and sewer utility (the "Utility"), including capitalized interest. The County has determined that it is desirable to provide for the refunding of the Refunded Bonds in order to achieve a substantial interest cost savings.

A portion of the proceeds of the Series 2007 Bonds, together with other available funds of the Department, will be used to refund the Refunded Bonds. To effect the refunding of the Refunded Bonds, the County will enter into an Escrow Deposit Agreement in connection with the delivery of the Series 2007 Bonds (the "Escrow Agreement") with [\_\_\_\_\_], as escrow agent (the "Escrow Agent"). Pursuant to the terms of the Escrow Agreement, the County will deposit a portion of the proceeds of the Series 2007 Bonds, together with other available funds of the Department, in an Escrow Fund for the Refunded Bonds (the "Escrow Fund") held by the Escrow Agent. Moneys deposited in the Escrow Fund will be applied on the date of delivery of the Series 2007 Bonds to the purchase of non-callable, direct obligations of the United States of America (the "Government Obligations"). The Refunded Bonds maturing on or before October 1, 20\_\_ will be redeemed on October 1, 2007 at a redemption price of 101% of the principal amount thereof and the Refunded Bonds maturing after October 1, 20\_\_ will be redeemed on October 1, 2007 at a redemption price of 102% of the principal amount thereof. Based on schedules prepared by the Underwriters and verified by [\_\_\_\_\_] (the "Verification Agent"), the County has determined that the Government Obligations, together with the interest thereon, and cash balances on deposit in the Escrow Fund will be sufficient to pay all principal of, redemption premium, and interest on the Refunded Bonds through and including October 1, 2007. See "VERIFICATION OF CERTAIN COMPUTATIONS."

By deposit of the Government Obligations and other uninvested cash with the Escrow Agent pursuant to the Escrow Agreement and the giving of certain instructions as required by the Bond Ordinance, the County will have effected the defeasance of the lien of the Refunded Bonds. As a result of such defeasance, it is the opinion of Bond Counsel (based on certain assumptions and rendered in reliance upon various certificates and opinions, and upon schedules provided by the Underwriters and verified by

the Verification Agent, as described under "VERIFICATION OF CERTAIN COMPUTATIONS") that the right, title and interest of the Holders of the Refunded Bonds in the Master Ordinance will cease, determine and become void.

## DESCRIPTION OF THE SERIES 2007 BONDS

### General

The Series 2007 Bonds shall bear interest at such rates and will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. [ ] will act as Registrar and Paying Agent for the Series 2007 Bonds (the "Paying Agent" or "Registrar").

The Series 2007 Bonds will be issued initially as fully registered bonds in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Series 2007 Bonds. Purchases of the Series 2007 Bonds will be made through a book-entry only system maintained by DTC, in denominations of \$5,000 or any integral multiple of \$5,000, and purchasers of the Series 2007 Bonds (the "Beneficial Owners") will not receive physical delivery of bond certificates. As long as DTC or its nominee is the registered owner of the Series 2007 Bonds, the principal and interest payments will be made to DTC or its nominee, which will in turn remit such principal and interest payments to DTC's Participants (as defined below under "Book-Entry Only System") for subsequent disbursement to the Beneficial Owners. See "Book-Entry Only System" below.

### Redemption of Series 2007 Bonds

Optional Redemption. The Series 2007 Bonds maturing on or before October 1, 20\_\_ shall not be subject to optional redemption prior to maturity. The Series 2007 Bonds maturing on or after October 1, 20\_\_ shall be subject to optional redemption prior to maturity, at the option of the County, in whole or in part at any time, on or after October 1, 20\_\_, and if in part, in maturities determined by the County and by lot within a maturity, at a redemption price equal to 100% of the principal amount of the Series 2007 Bonds to be redeemed, plus accrued interest to the date of redemption and without premium.

Mandatory Redemption. The Series 2007 Bonds maturing on October 1, 20\_\_ are subject to mandatory sinking fund redemption in part, prior to maturity, by lot, at a redemption price equal to the principal amount of the Series 2007 Bonds to be redeemed, commencing on October 1, 20\_\_ and on each October 1 thereafter, in the years and principal amounts set forth below:

Year (October 1)	Amount
---------------------	--------

20__ *	
--------	--

\* Final Maturity



Notice of Redemption. In the event any Series 2007 Bonds are called for redemption, the Paying Agent shall give notice in the name of the County, of the redemption of such Series 2007 Bonds, which notice shall (i) specify the Series 2007 Bonds, including Series designations, to be redeemed, the CUSIP numbers, certificate numbers, the date of issue, interest rate, maturity date of the Series 2007 Bonds to be redeemed, the redemption date, the date of notice, the redemption price and the place or places where amounts due upon such redemption will be payable (which shall be the designated principal corporate trust office of the Paying Agent or of its agent) and, if less than all of the Series 2007 Bonds are to be redeemed, the numbers of the Series 2007 Bonds and the portion of Series 2007 Bonds so to be redeemed and (ii) state that on the redemption date, the Series 2007 Bonds to be redeemed shall cease to bear interest.

Notice of redemption shall be given by the Paying Agent in the name of the County by mailing a copy of the redemption notice to Cede & Co., as nominee of DTC, as registered owner of the Series 2007 Bonds, or, if DTC is no longer the registered owner of the Series 2007 Bonds, then to the then registered owners of the Series 2007 Bonds at least thirty (30) days prior to the date fixed for redemption, by first class mail and postage prepaid at their addresses appearing on the bond registration books of the County maintained by the Registrar, and if applicable, to the securities depository.

A second notice of redemption shall be given (within 60 days after the redemption date) in the manner required above, to the registered Holders of redeemed Series 2007 Bonds which have not been presented for payment within 30 days after the redemption date. However, failure to give such notice shall not affect the validity of the redemption of the Series 2007 Bonds.

Failure of the registered owners of any Series 2007 Bonds which are to be redeemed to receive any such notice (or any defect therein) shall not affect the validity of the proceedings for the redemption of Series 2007 Bonds for which proper notice has been given.

Effect of Calling for Redemption. On the date so designated for redemption, notice having been mailed as provided in the Master Ordinance, the Series 2007 Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Series 2007 Bonds on such date, and moneys for payment of the redemption price being held in separate accounts by the Paying Agent in trust for the registered owners of the Series 2007 Bonds to be redeemed, interest on the Series 2007 Bonds so called for redemption shall cease to accrue, such Series 2007 Bonds shall not be deemed to be Outstanding for purposes of the Bond Ordinance, and shall cease to be entitled to any lien, benefit or security under the Bond Ordinance, and the registered owners of such Series 2007 Bonds shall have no rights in respect of the Series 2007 Bonds except to receive payment of the redemption price of the Series 2007 Bonds.

Whenever any Series 2007 Bonds shall be delivered to the Paying Agent for cancellation, upon payment of the principal amount of the Series 2007 Bonds, or for replacement, transfer or exchange, such Series 2007 Bonds shall be canceled and destroyed by the Paying Agent, and counterparts of the certificate of destruction evidencing any such destruction shall be furnished to the County.

Conditional Notice of Redemption. In the case of an optional redemption of any Series 2007 Bonds, the notice of redemption may state that (1) it is conditioned upon the deposit of moneys in the Redemption Account or with an escrow agent under an escrow deposit agreement, in amounts necessary to effect the redemption, no later than the redemption date or (2) the County retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded. Any such notice of Conditional Redemption shall be captioned "Conditional Notice of Redemption." Any Conditional Redemption may be rescinded at any time prior to the redemption date if the County delivers a written direction to the Paying Agent directing the Paying Agent to rescind the redemption notice. The Paying Agent shall give prompt notice of such rescission to the affected Bondholders. Any Series 2007 Bonds subject to Conditional Redemption where redemption has been

rescinded shall remain Outstanding, and neither the rescission nor the failure by the County to make such funds available shall constitute an Event of Default under the Bond Ordinance. The County shall give immediate notice to DTC and the affected Bondholders that the redemption did not occur and that the Series 2007 Bonds called for redemption and not so paid remain outstanding under the Bond Ordinance.

### **Book-Entry Only System**

*The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2007 Bonds, payment of interest and principal on the Series 2007 Bonds to Participants or Beneficial Owners of the Series 2007 Bonds, confirmation and transfer of beneficial ownership interest in the Series 2007 Bonds and other related transactions by and between DTC, the Participants and the Beneficial Owners of the Series 2007 Bonds is based solely on information furnished by DTC on its website for inclusion in this Official Statement. Accordingly, neither the County, the Department, nor the Underwriters can make any representations concerning these matters:*

DTC will act as securities depository for the Series 2007 Bonds. The Series 2007 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of the Series 2007 Bonds, each in the aggregate principal amount of such maturity, as set forth on the inside cover page of this Official Statement, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Series 2007 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2007 Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2007 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of

Beneficial Owners. Beneficial Owners will not receive bond certificates representing their ownership interests in the Series 2007 Bonds, except in the event that use of the book-entry system for the Series 2007 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2007 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2007 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2007 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2007 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2007 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2007 Bonds, such as redemptions, defaults, and proposed amendments to the Bond Ordinance. For example, Beneficial Owners of Series 2007 Bonds may wish to ascertain that the nominee holding the Series 2007 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent by the Registrar to DTC. If less than all of the Series 2007 Bonds within a particular maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2007 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2007 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2007 Bonds will be made to Cede & Co., or to such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants or Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor its nominee, the Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest to DTC is the responsibility of the County or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2007 Bonds at any time by giving reasonable notice to the County or the Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates representing the Series 2007 Bonds are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates representing the Series 2007 Bonds will be printed and delivered.

NEITHER THE COUNTY, THE DEPARTMENT, THE UNDERWRITERS NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT OR INDIRECT PARTICIPANT OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2007 BONDS IN RESPECT OF THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT, THE PAYMENT BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OR INTEREST ON THE SERIES 2007 BONDS, ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE BOND ORDINANCE OR ANY CONSENT GIVEN OR ACTION TAKEN BY DTC AS BONDHOLDER. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF SUCH BONDS, AS NOMINEE OF DTC, THE BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL CERTIFICATES REPRESENTING THEIR INTERESTS IN THE BONDS, AND REFERENCES HEREIN TO BONDHOLDERS OR REGISTERED HOLDERS OF SUCH BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF SUCH BONDS.

### **Discontinuance of Book-Entry Only System**

In the event the County determines that it is in the best interest of the Beneficial Owners to obtain Series 2007 Bond certificates, the County may notify DTC and the Registrar, whereupon DTC will notify the Participants, of the availability through DTC of Series 2007 Bond certificates. In such event, the County shall prepare and execute and the Registrar shall authenticate, transfer and exchange Series 2007 Bond certificates as requested by DTC in appropriate amounts within the guidelines set forth in the Bond Ordinance. DTC may determine to discontinue providing its services with respect to the Series 2007 Bonds at any time by giving written notice to the County and the Registrar and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the County and the Registrar shall be obligated to deliver Series 2007 Bond certificates as described in this Official Statement. In the event Series 2007 Bond certificates are issued, the provisions of the Bond Ordinance shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the County and the Registrar to do so, the County will direct the Registrar to cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2007 Bonds to any DTC Participant having such Series 2007 Bonds credited to its DTC account; or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2007 Bonds.

## **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2007 BONDS**

### **Pledged Revenues**

The payment of principal of and interest on the Series 2007 Bonds is secured by a pledge of and lien on the Net Operating Revenues of the Utility (the "Pledged Revenues"). For a description of the application and use of the Pledged Revenues, see "Flow of Funds" below. The Series 2007 Bonds are on parity as to source and security for payment with the Outstanding Bonds, any future Additional Bonds and with certain Hedge Obligations as hereinafter described in this Official Statement. See "INTEREST RATE SWAP AGREEMENTS."

The term "Net Operating Revenues" is defined in the Master Ordinance as Operating Revenues reduced by Operating Expenses. The term "Operating Revenues" is defined in the Master Ordinance as all operating income or earnings received or accrued by the County from the ownership, operation or use of

the Utility, or any part of the Utility, including, but not limited to, user charges for the provision of water service and sewer service, meter installation fees, and the like, delinquent charges and investment earnings, but shall exclude any income from the investment of the Construction Fund, proceeds from insurance (except business interruption insurance), condemnation or the disposition of property not in the ordinary course of business, Capital Facilities Charges, grants and proceeds from the sale of any obligations of the County (exclusive of short-term obligations for Utility working capital) and payments on special assessments for water and sewer improvements.

The term "Operating Expenses" is defined in the Master Ordinance as all current expenses, paid or accrued, and any Operating Expense reserve described in Section 503 of the Master Ordinance, for the operation, maintenance and ordinary current repairs of the Utility and its components, as calculated in accordance with generally accepted accounting principles for municipal utilities ("GAAP"), including, without limitation, insurance premiums (or comparable payments under a self-insurance or risk management program), labor, cost of materials and supplies used for current operation, charges for the accumulation of appropriate reserves for current expenses not annually recurrent but which are such as may reasonably be expected to be incurred in accordance with GAAP and Credit Facility Charges, administrative expenses and professional fees and expenses, before depreciation, amortization and interest expense determined in accordance with GAAP, provided, however, there will not be taken into account:

- (a) any gain or loss resulting from either the extinguishment or refinancing of indebtedness;
- (b) loss from the sale, exchange or other disposition of capital assets not made in the ordinary course of business; and
- (c) any capital expenditures for renewal, replacement, expansion or acquisition of capital assets of the Utility (including any deposit to reserves therefor).

The term "Capital Facilities Charges" is defined in the Master Ordinance as all payments received by the County or the Department which are related to acquiring, constructing, expanding or equipping capacity and facilities of the Utility, for the purpose of reserving capacity in either the Water System or the Sewer System, connecting to either System, or paying or reimbursing any capital cost relating to such acquisition, construction, expansion or equipping of excess and unused capacity of either System or any expansion thereof, including connection charges and impact fees relative to the Utility, but shall not include (i) amounts received for the acceptance, treatment or disposal of sewage, (ii) amounts received from the sale of water, (iii) meter installation fees and (iv) other revenues constituting Operating Revenues.

The Master Ordinance would permit the County to acquire a water and/or sewer system and specifically designate such system to be a "Separate System" for purposes of the Master Ordinance. Any Separate System so designated would not constitute a part of the Utility, and revenues generated by such Separate System would not constitute Operating Revenues subject to the lien of the Master Ordinance and costs allocable thereto would not be taken into account for purposes of determining Operating Expenses and Net Operating Revenues. There are currently no Separate Systems.

## **Flow of Funds**

Section 502 of the Master Ordinance creates the following funds and accounts (all of which are to be held by the County) for the security of the Outstanding Bonds, the Series 2007 Bonds, and Additional Bonds:

- (a) the Revenue Fund;

- (b) the Debt Service Fund, and therein a Bond Service Account, a Redemption Account and a Reserve Account;
- (c) the Renewal and Replacement Fund;
- (d) the Plant Expansion Fund;
- (e) the Rate Stabilization Fund; and
- (f) the General Reserve Fund.

In addition, the Series 2007 Resolution creates the "Series 2007 Bond Service Subaccount" and the "Series 2007 Redemption Subaccount" in the Debt Service Fund and the "Series 2007 Bonds Cost of Issuance Account" for the security of the Series 2007 Bonds.

Section 503 of the Master Ordinance requires that the County deposit all Operating Revenues of the Utility in the Revenue Fund as received, and that all moneys in the Revenue Fund be applied in the order of priority described below:

(1) The County must make withdrawals from the Revenue Fund in amounts necessary to pay Operating Expenses and to establish an Operating Expense reserve in an amount determined by the County (which may not exceed  $1/6^{\text{th}}$  of the budgeted Operating Expenses for the then-current Fiscal Year).

(2) Subject only to the payments and set asides described in (1) above, the remaining moneys in the Revenue Fund are required to be applied on or before the 20<sup>th</sup> day of each month in the following order:

(i) to the credit of the Bond Service Account, an amount equal to one-sixth ( $1/6^{\text{th}}$ ) of the amount of the interest payable on the Bonds of each Series on the interest payment date next succeeding (less any amount received as capitalized or accrued interest from the proceeds of any Bonds which is available for such interest payment) and an amount equal to one-twelfth ( $1/12^{\text{th}}$ ) of the next maturing installment of principal (or Accreted Value, as applicable) on all Serial Bonds then outstanding; provided, however, that:

- (a) in each month intervening between the date of delivery of a Series of Bonds, and the next succeeding interest payment date and the next succeeding principal payment date, respectively, the amount specified in this subparagraph (i) shall be that amount which when multiplied by the number of deposits to the credit of the Bond Service Account required to be made during such respective periods will equal the amounts required (in addition to any amounts received as accrued interest or capitalized interest from the proceeds of such Bonds) for such next succeeding interest payment and next maturing installment of principal, respectively;
- (b) the amount specified in this subparagraph (i) shall be reduced to take into account Hedge Receipts to be received on or before the succeeding interest payment date and shall be increased to provide for the payment of any Hedge Obligations to be paid on or before the succeeding interest payment date; and

- (c) with respect to any Bonds (or any Hedge Agreement) bearing interest at a Variable Rate and/or payable other than semiannually, the amount specified in this subparagraph (i) for the payment of interest (or Hedge Obligation) shall be that amount necessary to provide substantially equal monthly payments for the payment of such interest.(or Hedge Obligation) on the payment dates therefor;
- (ii) to the credit of the Redemption Account, an amount equal to one-twelfth (1/12<sup>th</sup>) of the principal amount (or Accreted Value, as applicable) of Term Bonds of each Series then Outstanding required to be retired in satisfaction of the Amortization Requirements for such Bond Year, plus the redemption premiums, if any, which would be payable in such Bond Year if such Term Bonds were to be redeemed prior to their respective maturities from moneys held for the credit for the Debt Service Fund;
- (iii) to the credit of the Reserve Account, the Reserve Account deposit requirement established by the Master Ordinance for such month; provided, however, no deposit shall be required in any month in which the amount on deposit in the Reserve Account is at least equal to the Reserve Account Requirement. If a Reserve Account Credit Facility is utilized and the Provider of the Reserve Account Credit Facility is required to advance any sums to meet Principal and Interest Requirements or other sums required to be funded from the Reserve Account, the County shall reimburse the Provider within 12 months from the date the County receives written notice of such advance by the Provider;
- (iv) to the payment of principal (including amortization installment, if any) of, and premiums and interest on, and other required payments with respect to Subordinate Obligations;
- (v) to the credit of the Renewal and Replacement Fund, an amount equal to one-twelfth (1/12<sup>th</sup>) of the amount to be deposited from Revenues, if any, recommended by the Consultant pursuant to the provisions of Section 607 of the Master Ordinance, to be deposited to the credit of said fund during such Fiscal Year;
- (vi) in the discretion of the County, to the credit of the Rate Stabilization Fund in such sums as are determined by the County; and
- (vii) to the credit of the General Reserve Fund, the balance, if any, remaining thereafter.

If an amount deposited in any month to the credit of any of the Accounts or Funds shall be less than the amount required to be deposited under the provisions of the Master Ordinance, the requirement therefor shall nevertheless be cumulative and the amount of any deficiency in any month shall be added to the amount otherwise required to be deposited in each month thereafter until such time as all deficiencies have been made up.

Pursuant to subparagraph (i) above, Hedge Obligations are payable on parity as to source and security with Bonds issued and Outstanding under the Bond Ordinance. The term "Hedge Obligations" is defined in the Master Ordinance as net payments required to be made by the County under a Hedge Agreement from time to time as a result of fluctuation in hedged interest rates or in the value of any index of payment and under certain conditions set forth in the Master Ordinance, termination charges with respect to a Hedge Agreement. A "Hedge Agreement" includes, but is not limited to, an interest rate swap agreement meeting the criteria set forth in the Master Ordinance and entered into by the County as a

hedging device with respect to its obligation to pay debt service on the Bonds. See "INTEREST RATE SWAP AGREEMENTS" for a description of Hedge Agreements currently in effect that have been entered into by the County. As discussed therein, termination payments that may be payable by the County under such Hedge Agreements are subordinate to the Outstanding Bonds and are not Hedge Obligations payable on parity with the Series 2007 Bonds. No assurances can be provided that termination payments on Hedge Agreements entered into in the future would not be treated as Hedge Obligations.

### **Limited Obligations**

**THE SERIES 2007 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE COUNTY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE PLEDGED REVENUES. THE SERIES 2007 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS, LIABILITY, GENERAL OR MORAL OBLIGATION, OR A PLEDGE OF THE FAITH, CREDIT OR POWER OF THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE, WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER PROVISION. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION OF THE STATE NOR THE COUNTY SHALL BE DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATED TO LEVY ANY AD VALOREM TAXES ON ANY PROPERTY TO PAY PRINCIPAL OF, OR INTEREST ON, THE SERIES 2007 BONDS OR OTHER RELATED COSTS, OR TO PAY THE SAME FROM ANY OTHER FUNDS OF THE COUNTY EXCEPT FROM THE PLEDGED REVENUES. THE ACCEPTANCE OF THE SERIES 2007 BONDS BY THE REGISTERED OWNERS FROM TIME TO TIME OF THE SERIES 2007 BONDS WILL BE DEEMED AN AGREEMENT BETWEEN THE COUNTY AND SUCH REGISTERED OWNERS THAT THE SERIES 2007 BONDS AND THE INDEBTEDNESS EVIDENCED BY THE SERIES 2007 BONDS WILL NOT CONSTITUTE A LIEN UPON THE UTILITY, ANY PART OF THE UTILITY, OR ANY OTHER PROPERTY OF THE COUNTY, BUT WILL CONSTITUTE A LIEN ONLY ON THE PLEDGED REVENUES.**

### **Rate Covenant**

The County has covenanted in Section 602 of the Master Ordinance to fix, charge and collect rates and charges for the use of the services and facilities furnished by the Utility and, from time to time and as often as it shall be necessary, to adjust such rates and charges by increasing or decreasing the same or any selected categories of such rates and charges so as to provide Net Operating Revenues in each Fiscal Year equal to (a) one hundred ten percent (110%) of the Principal and Interest Requirements on the Bonds for such Fiscal Year, plus (b) one hundred percent (100%) of the required deposits into the Reserve Account (less any portion of such deposits to be deposited from proceeds of Bonds) together with any Reserve Account Credit Facility costs payable in such Fiscal Year.

The term "Principal and Interest Requirements" is defined in the Master Ordinance as the respective amounts which are required in each Fiscal Year to pay (a) principal and interest on all Bonds then Outstanding and (b) the Amortization Requirements, if any, for all Term Bonds then Outstanding for such Fiscal Year; provided, however, that: (i) the amount of such Principal and Interest Requirements for any Fiscal Year may be reduced by the amount of any capitalized interest to be used to pay interest in such Fiscal Year and by the anticipated earnings on money in the applicable Bond Service Account, and such earnings will be deposited to the credit of the applicable Bond Service Account; and (ii) the Principal and Interest Requirements for any Bonds bearing interest at a Variable Rate shall be determined as provided in the Definition of "Variable Rate" in the Master Ordinance. "Maximum Principal Interest Requirements" is defined in the Master Ordinance, as of any particular date of calculation, as the greatest amount of Principal and Interest Requirements for the then current or any future Fiscal Year.



The Master Ordinance defines "Reserve Account Credit Facility" as a surety bond, a policy of insurance, a letter of credit or other financial product obtained by the County with respect to any Bonds, from an entity meeting the criteria set forth in the Master Ordinance, which provides for payment of Principal and Interest on such Bonds in amounts not greater than the Reserve Account Requirement for such Bonds in the event of an insufficiency of available moneys to pay when due principal of, premium, if any, and interest on such Bonds.

In case the County has made deposits of Net Operating Revenues to or withdrawals from the Rate Stabilization Fund during such Fiscal Year, Net Operating Revenues shall be adjusted by subtracting the amount of any such deposits and by adding the amount of any such withdrawal.

### **Municipal Bond Insurance**

The payment of principal of and interest on the Series 2007 Bonds will be insured by a municipal bond insurance policy (the "Bond Insurance Policy") to be issued simultaneously with the delivery of the Series 2007 Bonds by [ ] (the "Bond Insurer") as described in this Official Statement. For a discussion of the terms and provisions of the Bond Insurance Policy, including the limitations of the Bond Insurance Policy, see "MUNICIPAL BOND INSURANCE."

### **Reserve Account**

The Master Ordinance provides for the creation of a Reserve Account and provides, except as described below, upon the issuance of each Series of Bonds, the County shall deposit or provide for the deposit to the Reserve Account, an amount, which together with amounts on deposit therein, shall equal the Reserve Account Requirement; provided, however, the County may fund up to fifty percent (50%) of the Reserve Account Requirement applicable to a Series of Bonds over 36 months if it will not cause any rating then assigned the Outstanding Bonds to be withdrawn or reduced. The "Reserve Account Requirement" is defined in the Master Ordinance as the Maximum Principal and Interest Requirements in the then current or any subsequent Fiscal Year on all Outstanding Bonds or such lesser amount which is the greatest allowable under the Internal Revenue Code of 1986, as amended (the "Code").

Upon the issuance of the Series 2007 Bonds, there shall be on deposit in the Reserve Account (in cash, with Reserve Account Credit Facilities, or a combination thereof) an amount equal to the Reserve Account Requirement for all Bonds currently Outstanding, including the Series 2007 Bonds.

Moneys held for the credit of the Reserve Account shall first be used for the purpose of paying the interest on and the principal of the Bonds whenever and to the extent that the available moneys held for such purpose for the credit of the Bond Service Account and the General Reserve Fund shall be insufficient for such purpose, and thereafter for the purpose of making deposits to the credit of the Redemption Account of the Debt Service Fund pursuant to the requirements of the Master Ordinance whenever and to the extent that withdrawals from the Revenue Fund and the amount on deposit in the General Reserve Fund are insufficient for such purposes, and shall next be used to pay Payment Obligations with respect to the applicable Reserve Account Credit Facility, if any. Amounts withdrawn from the Reserve Account for the purpose of payment of debt service on any Bonds shall be replenished by substantially equal monthly deposits into the Reserve Account over a period not to exceed 60 months. If at any time the moneys held for the credit of any subaccount in the Reserve Account shall exceed the Reserve Account Requirement for those Bonds that are secured by such subaccounts, such excess shall be withdrawn by the Finance Director and deposited to the credit of the Revenue Fund.

In connection with the issuance of the Series 1994 Bonds, the County created a separate subaccount in the Reserve Account for the benefit of the Series 1994 Bonds. The Master Ordinance provides that in the event the County has established a separate subaccount, amounts on deposit in such subaccount shall be available solely for the payment of such Series of Bonds and for no other Series of

Bonds. Therefore, amounts on deposit in the special subaccount for the Series 1994 Bonds may only be used for payment of debt service on the Series 1994 Bonds and not for the payment of debt service on other Outstanding Bonds, including the Series 2007 Bonds. The County is not creating a separate subaccount in the Reserve Account for the benefit of the Series 2007 Bonds.

Of the amounts on deposit in or, in the case of Reserve Account Credit Facilities credited to the Reserve Account (the Reserve Account Requirement on all Outstanding Bonds), \$[24,317,703] is on deposit in the special subaccount for the Series 1994 Bonds. The remaining amounts currently on deposit are available for the payment of debt service on all Bonds, including the Series 1994 Bonds.

The County may, in the future, create subaccounts in the Reserve Account for any Series of Additional Bonds. In such event, moneys in such subaccount shall be held specifically for the benefit of the respective Series of Additional Bonds for which such subaccounts were created. In this regard, the remaining amounts on deposit would be available for payment of debt service of all Bonds, including such Series of Additional Bonds for which a separate subaccount has been created.

### **Additional Bonds**

Upon satisfying certain conditions contained in Section 208 of the Master Ordinance, the County may issue additional bonds (the "Additional Bonds") and other obligations that are payable on a parity with the Series 2007 Bonds and the Outstanding Bonds. Additional Bonds may be issued (a) for the purpose of paying all or any part of the cost of constructing or acquiring any Improvements, (b) to refund any obligations of the County which financed or refinanced any Improvements, or (c) to finance termination payments relating to Hedge Agreements.

Except in the case of Refunding Bonds and Completion Bonds as described in "Refunding Bonds" and "Completion Bonds" below, the County, after satisfaction of all other conditions in the Master Ordinance, may issue Additional Bonds (which, for purposes of meeting these conditions, are deemed to be Additional Bonds) if there has been filed a certificate of the Finance Director (i) setting forth the amount of the Net Operating Revenues for any four consecutive quarters (the "Computation Period") in the six preceding quarters, subject to certain adjustments permitted under the Master Ordinance, (ii) setting forth the respective amounts of the Principal and Interest Requirements for each Fiscal Year thereafter including the Additional Bonds to be issued, (iii) certifying that the Net Operating Revenues, as adjusted in accordance with Section 208(c) of the Master Ordinance, for the Computation Period shall have equaled at least the sum of one hundred ten percent (110%) of the Maximum Principal and Interest Requirements on all Bonds to be Outstanding as of the date of such issuance, plus one hundred percent (100%) of all required deposits to the Reserve Account during the Computation Period and (iv) certifying that the Net Operating Revenues (as adjusted in accordance with Section 208(c) of the Master Ordinance) remaining after deduction of Maximum Principal and Interest Requirements on all Bonds shall be at least equal to one hundred percent (100%) of all debt service and reserve requirements on all Subordinate Obligations.

In addition to the certificate of the Finance Director described above, there shall be filed with the Finance Director a certificate signed by a Consultant meeting the criteria set forth in the Master Ordinance setting forth (x) the estimated date on which the Improvements being financed or refinanced with the Additional Bonds will be placed in operation, (y) the Consultant's estimate of the Net Operating Revenues for each of the three Fiscal Years following the Fiscal Year in which the Improvements will be placed in operation as estimated in item (x) of said certificate, taking into account the rates and charges in effect on the date of delivery of such Additional Bonds and any revised rates and charges that shall become effective prior to or during such Fiscal Year, and (z) that after taking into account (x) and (y) above, the Net Operating Revenues (as adjusted in accordance with Section 208(c) of the Master Ordinance) will satisfy the ratio set forth in (iii) of the preceding paragraph, and that the adjusted Net Operating Revenues remaining after deduction of the Maximum Principal and Interest Requirements on

all Bonds shall be at least equal to one hundred percent (100%) of all debt service and reserve requirements on Subordinate Obligations.

### **Refunding Bonds**

The Master Ordinance provides for the issuance of "Refunding Bonds" for the purpose of providing funds for paying principal of, redemption premium and interest on all or any part of the outstanding Bonds at maturity or prior redemption date. Refunding Bonds so issued will be secured and payable from Pledged Revenues on a parity with all Bonds issued and Outstanding under the Master Ordinance. The coverage tests applicable to Additional Bonds (*see* "Additional Bonds" above) do not apply to Refunding Bonds provided that the Finance Director certifies that the Principal and Interest Requirements for each Fiscal Year thereafter (except for years subsequent to the final maturity of all the Outstanding Bonds) on account of all Bonds to be Outstanding after issuance of such Refunding Bonds and the payment and redemption of the Bonds to be paid and redeemed shall not exceed the Principal and Interest Requirements for each such Fiscal Year on account of all Bonds Outstanding immediately prior to the issuance of such Refunding Bonds. However, Refunding Bonds may also be issued in accordance with the requirements for Additional Bonds – *see* "Additional Bonds" herein.

### **Completion Bonds**

The Mater Ordinance provides for the issuance of "Completion Bonds" for the purpose of providing funds for paying the cost of completion of any Project for which one or more Series of Bonds have theretofore been issued, in a principal amount not greater than ten percent (10%) of the estimated cost of such Project. Completion Bonds so issued will be secured and payable from Pledged Revenues on parity with all Bonds issued under the Master Ordinance. The coverage tests applicable to Additional Bonds (and described above) are not applicable to Completion Bonds.

*See* APPENDIX C – "THE BOND ORDINANCE" for a more complete discussion on the issuance of Additional Bonds, Refunding Bonds and Completion Bonds.

### **Defeasance**

The Master Ordinance provides that in the event Bonds are defeased in the manner described in the Master Ordinance, the right, title and interest of the Holders of such Bonds in the Bond Ordinance will cease, determine and become void. *See* APPENDIX C – "THE BOND ORDINANCE."

### **Additional Covenants of the County**

The County has covenanted in the Master Ordinance that it will neither furnish free service nor provide service otherwise than in accordance with the established rate schedule for the Utility. The County has also agreed to certain restrictions on the sale or disposal of assets comprising the Utility. The County has covenanted to cause the Department to adopt an annual operating budget which may be amended from time to time, to operate the Utility in an efficient and economic manner, to maintain the Utility in good repair, and to timely pay all principal and interest payments, when due, on the Bonds, and that it will diligently enforce and collect payment of all fees and charges for the use of the Utility.

The County has further covenanted to maintain a practical insurance program for the Utility, to maintain separate records and accounts for the Utility, to keep accurate accounts of revenues, costs and expenditures, to issue annual audited financial reports of the Utility, to require, to the extent permitted by law, all lands, buildings and structures within the service area of the Utility fronting or abutting on the distribution lines to connect with and/or use the Utility, and to retain qualified Consultants and Accountants as required by the Master Ordinance. *See* APPENDIX C – "THE BOND ORDINANCE."

## **Other Obligations**

The County has incurred certain obligations, which are secured by a subordinate pledge of and lien on the Pledged Revenues. See "SUBORDINATE OBLIGATIONS." In addition, the County's obligation to pay a termination payment, if any, upon the termination of the swaps described in "INTEREST RATE SWAP AGREEMENTS," is subordinate to the pledge and lien on the Pledged Revenues which secures the Outstanding Bonds. The County may also issue additional Subordinate Obligations payable subordinate to the Outstanding Bonds pursuant to the Master Ordinance.

## **Remedies**

Upon an Event of Default as described in Section 701 of the Master Ordinance, the Series 2007 Bonds will not be subject to acceleration. Rather, a trustee or Bondholder acting for the Holders of all Bonds may by suit, action, mandamus or other judicial proceedings, protect and enforce any and all rights, including the right to the appointment of a receiver, existing under and to the extent permitted by the laws of the State of Florida, or granted and contained in the Master Ordinance, and may enforce and compel the performance of all duties required in the Master Ordinance or by any applicable statutes to be performed by the County or by any officer thereof. However, nothing in the Master Ordinance shall be construed to grant to any Bondholder any lien of any property of or within the corporate boundaries of the County, and no Bondholder shall have any right to affect, disturb or prejudice the security of the Master Ordinance. See "ENFORCEABILITY OF REMEDIES."

As long as the Bond Insurance Policy remains in full force and effect and the Bond Insurer is not in default under the Bond Insurance Policy or insolvent, the Bond Insurer shall have the power and authority to give any consents and exercise all rights or remedies, which the Bondholders for the Series 2007 Bonds would otherwise have the power and authority to give, make or exercise under the Master Ordinance.

## **Modifications or Supplements to Master Ordinance**

The Master Ordinance can be supplemented as set forth in Section 801 of the Master Ordinance, which relates to supplemental ordinances without consent of the Holders, and Section 802 of the Master Ordinance, which relates to supplemental ordinances with consent of the Holders. See APPENDIX C – "THE BOND ORDINANCE."

## **MUNICIPAL BOND INSURANCE**

The following information has been furnished by [ ] for use in this Official Statement. Neither the County nor the Underwriters make any representation as to the accuracy or the completeness of such information or as to the absence of material adverse changes in such information. Reference is made to APPENDIX F for a specimen of the [ ] (the "Bond Insurance Policy").

[To Come]

The issuer of any Bond Insurance Policy shall be authorized to provide (or withhold) the consent on behalf of the registered owners of the Series 2007 Bonds insured by such Bond Insurance Policy.

## **SUBORDINATE OBLIGATIONS**

The County has incurred the obligations described below which are secured by a subordinate pledge of and lien on Pledged Revenues ("Subordinate Obligations").

## **State Revolving Fund Loan Program**

Under the State Revolving Fund Loan Program, the Department has received various loan commitments in the aggregate amount of \$186,633,551 for the construction of wastewater treatment facilities. Draws against loan commitments totaled \$172,292,015 as of November 30, 2005. The Department has also received loan commitments in the aggregate amount of \$39,853,824 for drinking water construction projects. Draws against drinking water loan commitments totaled \$39,853,824 as of November 30, 2005. [UPDATE STATUS]

Default in payment of principal and interest on any of the loans described above or any future loans could cause an acceleration of the entire amount of such loans.

## **Note Payable**

In 1979, the Department issued a note in the principal amount of \$3,350,609 (the "Note") in connection with the acquisition of the North Miami sanitary sewage ocean outfall line. The Note, which matures in 2007, was outstanding in the principal amount of \$321,746, as of November 30, 2005, and is payable in monthly payments of \$19,882 through December 2006, followed by four monthly payments of \$15,820. [UPDATE STATUS]

## **INTEREST RATE SWAP AGREEMENTS**

The County has entered into interest rate swap agreements with respect to the Series 1994 Bonds, the Series 1997 Bonds, and the Series 2005 Bonds and may enter into additional interest rate swap agreements or other synthetic financial instruments in the future for the purpose of managing the interest cost of its debt. Interest rate swaps and other synthetic financial instruments involve risks that could result in an economic loss to the County. The County's obligations to make net payments as a result of fluctuation in hedged interest rates or fluctuation in the value of any index of payment (i.e., Hedge Obligations) are payable from Pledged Revenues on a parity with the Outstanding Bonds. Any termination payments or hedge charges that may be payable by the County are payable from Pledged Revenues on a subordinate basis to the Outstanding Bonds; however, the County could elect to finance such termination payments through the issuance of Additional Bonds under Section 208 of the Master Ordinance. See "SECURITY FOR THE SERIES 2007 BONDS – Flow of Funds" and " – Additional Bonds."

### **Series 1994 Interest Rate Swap**

The interest rate swap agreement (the "1994 Swap") relating to the Series 1994 Bonds is between the Department and AIG Financial Products Corporation, and is a variable to fixed rate swap (bonds issued as variable, swapped to fixed rate mode). The Department's objective with the 1994 Swap was to obtain a lower fixed rate than was available at the time of issuance of the Series 1994 Bonds. The 1994 Swap calculations are based on a notional amount which amortizes with the Series 1994 Bonds. The Department owes interest to the 1994 Swap counterparty, calculated at a 5.28% annual fixed rate on the notional amount, and in return the 1994 Swap counterparty owes the Department interest at a variable rate that matches the variable rate payable on the Series 1994 Bonds. The 1994 Swap became effective on February 4, 1994 and it terminates on October 5, 2022, the same date as the maturity of the Series 1994 Bonds.

### **Series 1997A Interest Rate Swap**

The swap relating to the Series 1995 Bonds (as amended and supplemented, the "1997A Swap") was associated by the County with the Series 1997 Bonds commencing October 1, 2005 upon the refunding of the Series 1995 Bonds. The 1997A Swap is between the Department and Merrill Lynch

Capital Services, Inc. (the "1997A Swap Counterparty"), and it is a fixed to variable rate swap (bonds issued as fixed, swapped to variable after June 15, 2008; with option to terminate on such date). The Department entered into this interest rate swap to lower its overall cost of borrowing. The 1997A Swap became effective on December 15, 1993 and provided for the Department to receive payments at a fixed rate of 4.65% and to make payments at a variable rate based on the BMA index. The 1997A Swap was amended on August 26, 1998 to increase the fixed rate to be received by the Department to 4.85% in exchange for an option, exercisable by the 1997A Swap Counterparty, for the Department to receive payments at a variable rate based on the BMA index and to make payments at a fixed rate of 4.40% (the "1998 Option"). The 1997A Swap was further amended on February 26, 2001 to provide for: (i) the extension of the termination date to June 15, 2020; (ii) the association of the 1997A Swap to the Department's Series 1995 Bonds from the County's Water and Sewer System Revenue Refunding Bonds, Series 1993; (iii) an option exercisable by the 1997A Swap Counterparty to terminate the agreement on June 15, 2008 (the "Termination Option"); (iv) an increased fixed rate of 4.902%; (v) an additional fixed rate of 0.323% which survives the one day Termination Option; and (vi) a notional amount declining from \$215 million commencing September 25, 2015, to \$154 million as of September 25, 2019, in step with the amortization of the Series 1995 Bonds (the "Notional Amount").

On September 20, 2001, the 1997A Swap Counterparty exercised the 1998 Option. As of a result of the exercised 1998 Option, prior to June 15, 2008, the overall effect of the various component legs of the 1997A Swap is for the Department to receive 0.825% on a notional amount of \$215 million. On and after June 15, 2008, the overall effect of the various component legs of the 1997A Swap is as follows: (i) if the 1997A Swap Counterparty does not exercise its Termination Option (at no cost to either party), the Department will receive 5.225% and pay a variable rate based on the BMA index on the Notional Amount to June 15, 2020; and (ii) if the 1997A Swap Counterparty does exercise the Termination Option, the Department will receive 0.323% on the Notional Amount to June 15, 2020.

[The County has made the determination that it will associate the 1997A Swap with the Series 2007 Bonds on the date of issuance of the Series 2007 Bonds. Any Hedge Receipts shall be applied to pay debt service associated with the Series 2007 Bonds.]

### **Series 1997B Interest Rate Swap**

The County has entered into a swap agreement (the "1997B Swap") with RFPC Ltd., a division of Rice Financial Products Company. It is a variable to variable swap (bonds issued as fixed, enhanced by basis swap). The Department entered in this interest rate swap to lower its overall cost of borrowing. The 1997B Swap became effective on August 27, 1998, and initially provided for the Department to pay BMA divided by 0.604 of the outstanding notional amount of \$114.5 million and the 1997B Swap counterparty to pay the Department LIBOR + 1.28% of the outstanding notional amount, with such notional amount to be reduced each October 1, commencing on October 1, 2010 as set forth in a schedule attached to the confirmation. The 1997B Swap had a termination date of October 1, 2013. On July 18, 2002, the 1997B Swap was amended to provide: (i) the association of the 1997B Swap to the Department's Series 1995 Bonds from the Series 1993 Bonds; (ii) an increase of the notional amount from \$114.5 million to \$200 million to be reduced each October 1, commencing on October 1, 2021 as set forth in a predetermined reduction schedule (iii) the extension of the termination date to October 1, 2026 and (iv) an increase to the constant from 1.28% to 1.455%. The County associated the 1997B Swap with the Series 1997 Bonds commencing October 1, 2005 upon the refunding of the Series 1995 Bonds.

[The County has made the determination that it will associate the 1997B Swap with the Series 2007 Bonds on the date of issuance of the Series 2007 Bonds. Any Hedge Receipts shall be applied to pay debt service associated with the Series 2007 Bonds.]

## Series 2005 Interest Rate Swap

The County granted an option ("Swaption") to Bank of America, N.A. ("Bank of America") to act as counterparty on an interest rate swap evidenced by an ISDA Master Agreement, Schedule and Confirmation, each dated as of March 17, 2004, pursuant to which the County would pay to Bank of America for the Series 2005 Bonds a fixed rate of 5.27000% on an amortizing notional amount (initially \$295,240,000) that would match the unamortized amount of the Series 2005 Bonds and the County would receive a variable rate from Bank of America equal to the BMA index on such notional amount. Bank of America exercised its option to effectuate the swap (the "2005 Swap") on August 15, 2005. The effective date of the 2005 Swap was October 1, 2005 and is expected to terminate October 1, 2025.

A portion of the option payment made by Bank of America on March 17, 2004, together with proceeds of the Series 2005 Bonds, was used by the County to refund certain outstanding Bonds under the Master Ordinance and the balance was deposited in the Revenue Fund for transfer to the Renewal and Replacement Fund. On October 3, 2005, the County received an exercise premium from Bank of America in the amount of \$10,923,880 which was deposited in the Revenue Fund for transfer to the Renewal and Replacement Fund.

For further discussion of outstanding interest rate swap transactions, please see APPENDIX B – "AUDITED FINANCIAL REPORT OF THE MIAMI-DADE WATER AND SEWER DEPARTMENT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2006."

## SERIES 2007 BONDS ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of the proceeds of the Series 2007 Bonds:

### Sources of Funds

Par Amount of the Series 2007 Bonds .....	\$ _____ *
Other Available Funds of the Department <sup>(1)</sup> .....	_____
[Plus: Original Issue Premium] .....	_____
[Less: Original Issue Discount] .....	_____
Total Sources .....	\$ _____

### Uses of Funds

Deposit to Escrow Fund .....	\$ _____
Less: Underwriters' Discount .....	_____
Other Costs of Issuance <sup>(2)</sup> .....	_____
Total Uses .....	\$ _____

(1) Includes [\_\_\_\_\_].

(2) Includes legal fees, financial advisory fees, printing costs, the premium for the Bond Insurance Policy and other costs associated with the Series 2007 Bonds.

# **DEBT SERVICE REQUIREMENTS ON THE SERIES 2007 BONDS, OUTSTANDING BONDS AND SUBORDINATE OBLIGATIONS**

The following table sets forth the debt service requirements on the Series 2007 Bonds, all Outstanding Bonds and all Subordinate Obligations.

Fiscal Year Ending Sept. 30	<u>Series 2007 Bonds</u>			Debt Service on Outstanding Bonds <sup>(1)</sup>	Debt Service on Subordinate Obligations <sup>(2)</sup>	Total Debt Service
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>			

- (1) Inclusive of the Series 1994 Bonds, the Series 1997 Bonds, the Series 1999A Bonds and the Series 2003 Bonds. The interest on the Outstanding Bonds has been calculated at their respective fixed rate of interest, and the effect of the swap agreements on the Series 1995 and 1997 Bonds has not been taken into account. Interest on the Series 1994 Bonds has been calculated based on their fixed-payor swap interest rate of 5.28%, and included annual liquidity and remarketing fees with respect to the Series 1994 Bonds. Interest on the Series 2005 Bonds has been calculated on their fixed-payor swap interest rate of 5.27% and includes estimated annual liquidity and remarketing fees with respect to the Series 2005 Bonds of 75 bps and 10 bps, respectively. See "INTEREST RATE SWAP AGREEMENTS" herein.

- (2) For a more complete description of such Subordinate Obligations, see "SUBORDINATE OBLIGATIONS" and APPENDIX B – "AUDITED FINANCIAL REPORT OF THE MIAMI-DADE WATER AND SEWER DEPARTMENT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2006."



## THE DEPARTMENT

### History

On October 3, 1972, the electorate of the County approved the formation of a new County-wide water and sewer agency by expanding the then-existing Department of Water and Sewer of the City of Miami (the "City"). Subsequently, the Board established the Miami-Dade Water and Sewer Authority (the "Authority") which began operating on April 1, 1973. On March 13, 1975, the City, the County and the Authority agreed to the transfer of all water and sewer properties, facilities and funds of the Department of Water and Sewer of the City to the Authority with the condition that certain property donated by the City would be returned to the City in the future if such property was not needed for water or sewer utility purposes.

On October 4, 1983, the Board enacted Ordinance No. 83-92, which abolished the Authority effective November 1, 1983 and established the Miami-Dade Water and Sewer Authority Department as a department within the Miami-Dade County government. On October 19, 1993, the Department changed its name to the Miami-Dade Water and Sewer Department.

### Organization and Administration

The Department is responsible for the everyday operation and maintenance of the Utility. The Utility is administered by the Board under the supervision of the County Manager. William M. Brant, P.E., has been the Director of the Department (the "Director") since December 1998.

The Department is divided into seven major groups, each under the supervision of an Assistant Director and each responsible for a number of specific divisions.

### Management

The following are brief resumes of the Director, Deputy Director, the seven Assistant Directors and the Resident Engineer:

*John Renfrow, P.E., Director*, was appointed Director in January, 2006. He has responsibility for the overall direction and management of the Water and Sewer Department.

An active member of many committees and organizations that make important decisions regarding the County's water and environmental health, Mr. Renfrow's career with the County began in 1977 as an Engineer with Department of Environmental Resources Management ("DERM"). A University of Miami graduate, Mr. Renfrow holds a civil engineering degree and is a registered professional engineer.

As the Director of the Department, Mr. Renfrow's duties include updating the water and sewer system and ensuring that adequate capacity exists for the County throughout the 21<sup>st</sup> century.

In addition to being a certified hazardous materials manager, Mr. Renfrow acts as the secretary of the Environmental Quality Control Board, is executive council for the Developmental Impact Committee, and serves on the advisory council of the University of Miami School of Engineering. He has also been a member of the Governor's East Everglades 8.5 Square Mile Study Committee, the North West Dade County Fresh Water Lake plan Implementation Committee, and represented the County on the Miami-Dade County/Florida Keys Water Supply Plan Advisory Committee.

Before being tapped to lead the Department, Mr. Renfrow had been serving as the Director of DERM since 1988. Under his direction, DERM grew into a nationally respected local environmental regulator and educator.

[*John W. Chorlog, P.E., Deputy Director*, was appointed to this newly created position in 2004. Prior to his appointment to Deputy Director, Mr. Chorlog served as Assistant Director – Wastewater since 2000.

Mr. Chorlog graduated from the University of Florida in 1971 with a Bachelor of Science degree in Metallurgical and Materials Engineering. He joined the Department in 1994, serving for six years as Assistant Director, Engineering and Planning, and was responsible for planning, design and construction of all capital improvements for the Department, including a one billion dollar wastewater system upgrade designed to comply with federal consent decrees and state settlement agreements. Following 17 years in the private sector, Mr. Chorlog was appointed Chief, Engineering Division for Miami-Dade County Department of Solid Waste Management (1988-1992) and was responsible for all planning, design and construction management activities on projects ranging from minor maintenance to major landfill and waste-to-energy plant construction. He then founded a regional office of an environmental remediation company and operated as general manager for two years. UPDATE]

*Diane A. Camacho, C.P.A., Assistant Director – Finance*, was appointed to this position June, 2006. Prior to her appointment, Ms. Camacho served as Assistant Director, Finance and Administration for the Miami-Dade Seaport Department since 1998.

Ms. Camacho received a Bachelors of Business Administration with an emphasis in Accounting from Florida International University in 1979. She became a Florida Certified Public Accountant in June, 1980 and spent two years with Arthur Young and Company as an auditor. She was hired by the County in 1982 and spent two years at the Aviation Department and the following seven years at the Department where she reached the position of Assistant Director, Finance. In 1989 she took a position with Price Waterhouse consulting services. She returned to the County joining the Solid Waste department in 1993 for five years, spent seven years at the Seaport Department (Port of Miami) as Assistant Director, Finance and Administration and then returned to the Department in 2006. During her 23 years with the County, Ms. Camacho has managed staffing levels up to 500 staff, participated in various financing activities, including derivatives, and guided various systems development projects for financial accounting activities.

*Rafael A. Terrero, P.E., DEE, Assistant Director – Water System Operations*, is a professional engineer who has been in the water/wastewater industry for over 41 years serving in many capacities. In his current position, he is responsible for the operation and maintenance of water services, including raw water process, distribution and metering. As Vice President of Environmental Compliance at Florida Water Services, he wrote the Corporate Environmental Compliance Program for the largest private utility in the States of Florida, Georgia, North Carolina and South Carolina (combined).

Mr. Terrero has also served as Chief Engineer for over 150 water, wastewater and reclaimed systems, providing in-house engineering services and supervision of outside consultants. He has hands-on experience in water and wastewater master planning, project management and plant operations and maintenance, as well as many years of administrative expertise. He has served as an expert witness before regulatory agencies, including Florida Department of Environmental Protection, Florida Public Service Commission, water management districts and county government.

Mr. Terrero has a Bachelor of Science from Florida International University and an Associate of Arts in Civil Engineering Technology from Miami-Dade Junior College.

Mr. Terrero is a member of Florida Water Environment Association's Reuse Committee, a Trustee of the Florida Section of American Water Works Association Board, a Board Member of

WaterReuse Florida and a Committee Member of Florida Section of American Water Works Association Utility Council Regulatory Committee.

Mr. Terrero is also a member of Water Environment Federation, Florida Water Environment Association, American Water Works Association, Florida Section of American Water Works Association, American Water Resources Association, American Society of Civil Engineers, WaterReuse, WaterReuse Florida, Florida Engineering Society, and he is a Diplomat of the American Academy of Environmental Engineers.

[*Vicente E. Arrebola, P.E., Assistant Director – Wastewater*, was appointed Assistant Director – Wastewater in July 2005. He is responsible for all aspects of wastewater operations, including supervision of approximately 800 employees in four divisions: Sewer Collection, Pump Stations, Treatment Facilities and Plant Maintenance.

Mr. Arrebola received a Bachelor of Science degree in environmental engineering from the University of Florida in 1979. He began his career with the County in 1980 as a Water Supply Engineer in the Department of Environmental Resources Management ("DERM") and continued his employment with DERM until 1985. As a Water Supply Engineer, Mr. Arrebola was part of the team of professionals that implemented the County's Wellfield Protection Ordinance. After working in the private sector for two years, Mr. Arrebola returned to DERM in 1987 as an Industrial Waste Engineer. In 1988, he was promoted to the position of Chief of DERM's Plan Review Section, and in 1990 he was promoted to Chief of DERM's Water & Sewer Division. In this capacity, Mr. Arrebola was part of the County's team that negotiated and implemented the provisions of the Federal and State Consent Decree/Settlement Agreements for the Miami-Dade Water and Sewer Department. From 1999 until July, 2005, Mr. Arrebola served as DERM's Chief of the Office of Plan Review Services.

Mr. Arrebola is responsible for all aspects of wastewater operations, including supervision of approximately 800 employees in four divisions: Sewer Collection, Pump Station, Treatment Facilities and Plant Maintenance, and management of the divisions' \$100 million annual operating budget. UPDATE]

[*Humberto Codispoti, P.E., Assistant Director – Engineering*, was appointed Assistant Director – Engineering in 2001. He is responsible for engineering, planning construction and utilities development for water and sewer plants, distribution and collection systems.

Mr. Codispoti received a Bachelor of Science degree in Electrical Engineering from the University of Miami in 1966. He is a Professional Engineer and a Master Electrician. He joined the Department in 1999 to serve as Chief, Engineering Division, for which he was in charge of engineering, contracting and construction administration of water and sewer plants projects, water distribution and collection systems, and office and maintenance facilities. Following 26 years in the private sector, Mr. Codispoti served as Chief, Electrical Inspector for Miami-Dade County Department of Planning and Regulation (1992-1998) and Electrical Section Supervisor for Miami-Dade County Building Department (1998-1999). UPDATE]

*Peter Velar, Assistant Director – Budget and Capital Funding*, has over 25 years of county experience with a strong financial and budgetary background. Mr. Velar stated at Miami-Dade Water and Sewer where he eventually became the operating budget manager. In 1993, he was promoted to the Office of Management and Budget (OMB), where he was in charge of analyzing and evaluating the budgets of several large departments such as Aviation, Seaport, Transit, Public Works, Finance and others. Mr. Velar was also assigned to work on matters of critical fiscal importance to the County such as the Seaport Transition Team, the County's Organizational Review Team and the 2002 Elections Task Force. His final assignment in OMB (now called Office of Strategic Business Management) was as the Assistant Director of Incorporation and Annexation. In February 2006, Mr. Velar was assigned as the

Budget and Financial Advisor to the Director of the Department. He is currently the Assistant Director for Budget and Capital Funding.

*Mara G. Austin, Assistant Director – Legislative and Municipal Affairs and Executive Assistant to the Director*, was appointed to position in March, 2006. Ms. Austin's areas of responsibility include the Office of Agenda Coordination, Office of Legislative Affairs and the Intergovernmental Affairs Section. Together these units are responsible for all matters that will go before the Board and the various committees of the Board; representation of the Department in Washington, D.C. and Tallahassee and at the various national and state water and wastewater organizations strengthening relationships and proactively anticipating the legislative policy issues that affect the department in the coming year; preparation and management of intergovernmental agreements with the Department's volume wholesale customers as well as procuring the Department's engineering consultants to ensure the process complies with state and local laws; and preparation of the professional services agreements. In addition, Ms. Austin is Mr. Renfrow's Executive Assistant providing day-to-day executive support and assistance.

Ms. Austin received a Bachelor's degree from Florida International University in 1976. She joined the County in 1976 and has been charged with progressively responsible positions during her 30-year tenure, including Enforcement Section Chief at the County's Solid Waste Management Department and immediately prior to joining the Department as an Assistant to the County Manager.

*[Sharon E. Mitchell, Assistant Director – Administration]*, has served as Assistant Director – Administration since 1994. Her primary responsibilities involve administering, coordinating, project management, planning and evaluating all activities for the General Maintenance Division and the Human Resources, Stores/Warehousing, Procurement and Support Services Sections

Ms. Mitchell is a graduate of the University of Miami, receiving a Bachelor of Arts degree in Sociology in 1980 and a Master of Public Administration degree in 1983. She began her career with the Department in 1990 as Chief for the Administrative Division, and was responsible for supervising, planning, budgeting, organizing, training, coordinating and monitoring the Telecommunications, Procurement, Safety, Personnel, Affirmative Action, Labor Management and Risk Management, and other administrative activities of the Department. Prior to joining the Department, she worked for the Miami-Dade County Elections Department as Assistant Supervisor of Elections, Registration Division (1987-1990), Assistant Supervisor of Elections, Public Services Division (1985-1987) and Administrative Officer III (1983-1985). UPDATE]

*[Bertha M. Goldenberg, P.E., Assistant Director – Planning, Innovation and Compliance]*, was appointed Assistant Director in 2004. She is responsible for facilities and water supply planning, business planning, the POWER/Efficiency Program, and compliance with environmental permits and the Consent Decrees/Settlement Agreements.

Ms. Goldenberg received a Bachelor of Science degree in Chemical Engineering from Washington University, St. Louis in 1979. She joined the Department in 1989 as a Process Engineer, responsible for process design, environmental permitting and liaison activities with regulatory agencies. In 1999, she was promoted to Chief of the Planning, Permitting and Efficiency Section in charge of water supply and comprehensive planning, environmental permitting and the newly formed POWER/Efficiency Program. Prior to joining the Department, Ms. Goldenberg had 10 years experience in the private sector in the engineering design of environmental control systems and water treatment plants. UPDATE]

*[Richard A. Coates, P.E., Resident Engineer]*, was appointed Resident Engineer in 2003. He is responsible for facilitating coordination and prioritization of capital needs for the Department and advising the Director on funding needs and priorities.

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Mr. Coates received a Bachelor of Science degree in Civil Engineering from the University of Miami in 1969. Mr. Coates is a Professional Engineer and has over 30 years experience in the utility and public works fields with special expertise in water treatment, infrastructure design and maintenance, and day-to-day utility operations. His perspective and experience in the utility field was gained from positions held both in the public and private sectors as a utility manager, engineering consultant, and as a public health regulator. As principal engineer for a private company from 1996 through 2003, Mr. Coates served as a senior project engineer for the Department's \$230 million Infiltration/Exfiltration/Infiltration Improvement Program. He previously worked for the City of North Miami Beach Public Utilities Department as Deputy Director (1993-1996), Assistant Director (1987-1993) and Chief Engineer (1982-1987); for the Department as a research project engineer (1979-1982); for the Miami-Dade County Department of Regulation Management as an Engineer II, Drinking Water Section; and for the County Department of Public Health as Assistant Head, Engineering Section (1969-1978). UPDATE]

## **WATER AND SEWER SYSTEM [UPDATE]**

### **General**

The Utility is divided into the Water System and the Sewer System. The Department administers each system on a unified basis for purposes of billing but separates the two for rates, capital improvements and accounting.

### **Service Area**

The Utility currently provides water and wastewater treatment to substantially all of the County either directly to retail customers or indirectly through wholesale contracts between the Department and various municipalities. The County is the largest county in the Southeastern United States with a land area of 2,352 square miles. In 2005, the population of the County was estimated by the County's Planning and Zoning Department at 2,422,000. See APPENDIX A - "GENERAL INFORMATION REGARDING MIAMI-DADE COUNTY, FLORIDA."

The Department's long-term objective of expansion to Countywide operation has been achieved by the acquisition of all privately-owned utilities in the County. Since 1973, the Department has acquired twenty-five (25) independent systems.

The Department supplies treated water on a wholesale basis to 15 municipally-owned water utilities in the County and to approximately 408,000 retail water customers. The only municipalities in the County which operate water treatment facilities for customers located primarily within their municipal boundaries are the City of Homestead, Florida City and North Miami. The City of North Miami Beach operates a water treatment facility which serves approximately two-thirds of their customers who do not live in their municipal boundaries. The Department also provides wastewater transmission treatment and disposal service on a wholesale basis to 12 municipally-owned wastewater utilities and Homestead Air Force Base, and to approximately 322,000 retail sewer customers as of September 30, 2005. The City of Homestead is the only municipality in the County which owns and operates its own wastewater treatment plant. See "WATER AND SEWER SYSTEM - Sewer System" below.

### **Water System**

*General.* The principal components of the Water System include 14 wellfields, with a total of 88 wells, three major water treatment plants, five smaller water treatment plants, two lime recalcining plants, and an extensive transmission and distribution system composed of storage reservoirs, pump stations and an interconnected network of transmission and distribution mains.

*Sources.* The Department draws its raw water primarily from the surficial Biscayne Aquifer, a non-artesian (or near surface) aquifer which underlies an area of about 3,200 square miles in Miami-Dade, Broward and Palm Beach counties. The Upper Floridan Aquifer, which underlies most of the State and ranges from a subsurface depth of 200 feet to 1,700 feet, is also a potential artesian water source. However, because water from the Upper Floridan Aquifer has a higher content of salt, its water is much more expensive to process. Therefore, the Upper Floridan Aquifer is a less desirable water source.

To accommodate future growth in water demand and provide for a contingency supply of water, the Department has developed a new wellfield (the "West Wellfield") in the western portion of the County. The Department's long-range plans are to develop, in phases, the West Wellfield to a permitted withdrawal capacity in accordance with the Lower East Coast Water Supply Plan of the South Florida Water Management District (the "District"). Phase I permit applications have been approved by the District providing for an additional 30 mgd (million gallons per day) of raw water installed capacity which has allowed the Department to construct three new wells to the Biscayne Aquifer, with an aggregate allocation of 15 mgd and three Aquifer Storage and Recovery ("ASR") wells to the Upper Floridan Aquifer, as discussed in more detail in the following paragraph.

To further enhance its raw water supply, the Department has developed an Aquifer Storage and Recovery (ASR) Program (the "ASR Program"). The ASR Program includes the construction of seven wells to the Upper Floridan Aquifer with an aggregate rated capacity of 35 mgd. Five ASR wells have been constructed, three at the West Wellfield and two at the Southwest Wellfield. Operational permits are pending. Two more ASR wells at the Northwest Wellfield are being proposed for the future. Pursuant to the ASR Program, the Department will capture excess water during the "wet" or rainy season and pump the same to wells in the Upper Floridan Aquifer. During the "dry" season, such stored water would be blended with water taken from the Biscayne Aquifer and treated for delivery to the Department's customers. The Department estimates that through the ASR Program, it will recover 75% of the water stored in the Upper Floridan Aquifer. The Department intends to utilize ultraviolet ("UV") disinfection facilities to treat raw water prior to storage. The UV system will provide additional assurance that the injected water continues to meet primary drinking water standards as required by Florida Department of Environmental Protection ("FDEP") Underground Injection Control Regulations.

After completion of all ASR wells, the Department expects to be able to meet projected demand through the year 2020.

*Collection and Production.* The Department collects its raw water from 14 existing wellfields which use the Biscayne Aquifer as the source water supply. In order to process and prepare raw water for consumption, the Department operates three major water treatment plants, five smaller water treatment plants, two lime recalcining plants and an extensive transmission and distribution system composed of storage reservoirs, pump stations and a network of transmission and distribution water mains. The five smaller treatment plants, which have a combined treatment capacity of 12.0 mgd, serve the extreme southern part of the County.

*Water Treatment Plants.* The following chart reflects the allocations, rated capacities and actual flows for the County's water treatment plants.

<u>Component</u>	<u>Hialeah/Preston</u>	<u>Orr</u>	<u>South Dade Water System<sup>(1)</sup></u>
District Allocation <sup>(2)</sup>			
Average	199.2 mgd	203.1 mgd	10.9 mgd
Peak	235.0 mgd	241.7 mgd	13.6 mgd
Plant Rated Capacity	225.0 mgd <sup>(3)</sup>	248.0 mgd <sup>(4)</sup>	12.0 mgd
Actual Flows <sup>(5)</sup>			
Average Daily	161.6 mgd	177.64 mgd	7.1 mgd
Peak Day	187.3 mgd	199.5 mgd	9.1 mgd

(1) Represents five smaller water treatment plants in southern Miami-Dade County.

(2) South Florida Water Management District allocation.

(3) Hialeah Plant rated capacity is 60 mgd and Preston Plant is 165 mgd for a total of 225 mgd.

(4) Treatment facility rated capacity is 248 mgd but water allocation is currently limited to 214.7mgd, with use of the ASR wells.

(5) For the 12 months ending September 2005.

Source: The Department

*Transmission.* High service pumping facilities located at each of the three major water treatment plants deliver water directly to the Department's four high service pump stations. From there, the water is distributed through 7,400 miles of pipeline, ranging in size from 2 to 72 inches in diameter, to the ultimate users.

*Water Conservation.* The service area is subject to wide fluctuations in rainfall, not only in total annual amount, but also month-to-month. An extended dry period usually results in substantial water usage for residential irrigation and corresponding peak demands on the Utility. In response, the Department encourages water conservation through certain water use restrictions, rates and other methods. The conservation program includes:

- Leak detection and repair;
- Recycling the water used to backwash filters at treatment plants;
- Reduction of transmission main pressure during periods of critical water shortage;
- Brochures and public information mailed with bills giving advice on water conservation;
- Using wastewater treatment plant effluent at the wastewater treatment plants for process water, cleanup and landscape irrigation;
- Cooperation with Florida International University ("FIU") to use treated effluent from the North District Plant for landscape irrigation at nearby FIU Bay Vista Campus;
- Enforcement of an ordinance that required "Xeriscape" landscaping which favors use of plants and ground cover that require less irrigation for residential and commercial facilities;
- ASR; and
- Low flow shower head exchange program.

*Water Quality.* The Safe Drinking Water Act (the "Water Act") and the related drinking water standards in the Florida Administrative Code have established quality standards designed to reduce the allowable concentration of a variety of substances. The Water Act also requires local water utilities to

issue "consumer confidence reports" describing the source and quality of the water they provide. The Department's "Water Quality Report" provides the required information.

Regulations promulgated in December 1998 pursuant to the Water Act established maximum contaminant levels for two groups of water disinfection byproducts ("DBPs"): (i) total trihalomethanes and (ii) haloacetic acids. Utilities were required to comply by January 2004 with the standards established and the Department has adopted these standards. Based on treatment existing in 1998, the John E. Preston Water Treatment Plant was the Department's only plant that could not comply with the proposed standards. Pilot studies conducted by the Department regarding this issue demonstrated that enhanced softening was the most effective method for treating water to meet the new standards under Stage 1 of the DBP rules. The Department modified treatment in order to comply with the regulations. The estimate for the total cost of converting the treatment process under Stage 1 is approximately \$52 million.

The Department is in compliance with regulations of the U.S. Environmental Protection Agency (the "EPA") intended to control the leaching of lead and copper from household plumbing into the water supply. A comprehensive sampling and testing program has been completed. All distribution systems were found to be satisfactory under the new regulations. Tri-annual follow-up sampling and testing is currently underway. In addition, to further improve the stability of the water, the Department has developed and is implementing a program which is designed to reduce lead and copper levels at the customer's tap.

See "REGULATORY MATTERS" for a detailed description of certain regulatory matters with respect to the Water System.

## **Sewer System**

*General.* The Department's Sewer System consists of collection sewers, manholes, lift stations, force mains, interceptors, pump stations and three regional wastewater treatment plants: the North District Wastewater Treatment Plant at Interama (the "North District Plant"), the Central District Wastewater Treatment Plant at Virginia Key (the "Central District Plant") and the South District Wastewater Treatment Plant at Blackpoint (the "South District Plant").

*Collection.* There has been steady growth in the wastewater service provided by the Department due to an increase in total population in the County, the acquisition of small utilities and the extension of sewers to areas served by septic tank systems. The amount of wastewater treated annually, however, may vary significantly depending upon the amount of annual rainfall.

Wastewater is brought to the Department's treatment facilities through local collection facilities which include gravity sewers, manholes, lift stations and force mains. The Department has divided the County into three districts in which wastewater is collected and transmitted to a wastewater treatment plant located in each of the three districts. The districts are interconnected to allow for limited redirection of flows.

The maintenance and improvement of the Utility's 981 sewage pump stations is one of the requirements of the terms of the Second and Final Partial Consent Decree (as defined under "REGULATORY MATTERS"). The Department's program to upgrade its sewage pump stations is continuing. A typical station upgrade includes improvements to the electric service, controls and alarm systems, the replacement of motors, the addition of pumps or a complete replacement pump station.

Groundwater, stormwater or other water not requiring treatment introduced into the Sewer System overloads pump stations and treatment plants. The cost of pumping and providing treatment for this excess water is substantial. Consequently, the Department has established an Infiltration/Inflow



Reduction Program to conduct Sewer System evaluations and to rehabilitate the system by repairing pipes where feasible, replacing pipes damaged beyond repair, installing leakproof manhole covers and repairing manholes. Many of the program activities will be perpetually required to maintain the Sewer System's integrity and to continually reduce infiltration and inflow amounts. The Department has re-focused the program on service laterals which exhibit "leakage" during storms. The Department is currently conducting a Comprehensive Lateral Pilot Program to determine the feasibility and cost-effectiveness of repairing service laterals for the reduction of wet weather inflow and rain-induced infiltration.

The Department has an on-going program of inspection and correction to address the corrosive effects of hydrogen sulfide (a by-product of raw sewage) on its concrete force mains. The Department periodically inspects mains and implements corrective action with respect to any affected main.

*Wastewater Treatment Plants.* The Department operates three regional wastewater treatment plants located in various sections of the County as described above. The three plants have a combined installed treatment capacity of 375.5 mgd of wastewater and are currently permitted at 368 mgd. The following table summarizes the treatment permit parameters and the actual flows of each of the County's wastewater treatment plants.

	<u>North District</u>	<u>Central District</u>	<u>South District</u>	<u>Total</u>
<u>Installed Treatment Capacity</u>	120.0	143.0	112.5	375.5
<u>Permit Parameters</u>				
Average Daily Flow, mgd	112.5	143.0	112.5	368
Effluent CBOD <sub>5</sub> , mg/L <sup>(1)</sup>	30/20 <sup>(3)</sup>	30	20	-
Effluent Suspended Solids, mg/L	30/20 <sup>(3)</sup>	30	20	-
<u>Actual Flows 12-Month Average for Fiscal Year 2005</u>				
Average Daily Flow, mgd <sup>(2)</sup>	90.2	108.2	91.75	290.15
Effluent CBOD <sub>5</sub> , mg/L <sup>(2)</sup>	6.1	8.5	4.9	-
Effluent Suspended Solids, mg/L <sup>(2)</sup>	10.7	10.8	9.3	-

(1) "CBOD<sub>5</sub>" means Chemical Biological Oxygen Demand; "mg/L" means milligrams per liter.

(2) These levels are below those allowed by permit

(3) 30mg/L in secondary effluent going to the outfall; 20mg/L in effluent going to the wells.

Source: The Department

*Disposal of Sludge and Treated Wastewater.* The disposal of the by-products of the treatment process (sludge and effluent or treated wastewater) is an important part of the Department's plans to improve and expand its Sewer System. Steps taken by the Department in accordance with this plan are discussed in the following paragraphs.

Sludge is stabilized in anaerobic digesters at the Central District and South District Plants. After stabilization, sludge is dewatered in centrifuges to form a cake, a material that is dry enough to be loaded and hauled in a dump truck. Stabilized sludge cake can be disposed of in Class I Solid Waste Landfills. The stabilized cake can also be used as an agricultural soil supplement because it meets the requirements for Class B material, but only with State approved permits which require a substantial amount of documentation, monitoring and record keeping. After dewatering, the sludge cake can be further dried on paved drying beds and then composted to produce Class AA residuals, which can be sold as a soil supplement with relatively few restrictions. At the South District Plant, sludge cake is further dried on paved beds and a portion is composted to Class AA standards and sold as a soil supplement. The

Department has discontinued the use of the sludge drying beds and composting facilities at the Central District Plant in order to reduce odors, which had caused complaints at a neighboring residential community. To this end, the Department has negotiated agreements to dispose of sludge cake; in accordance with these agreements, the sludge cake is disposed of by hauling and placing it in landfills or utilized as Class B agricultural soil supplement. The Department is developing a twenty year biosolids master plan.

Disposal of treated wastewater at the North District Plant, which currently has a permitted treatment capacity of 112.5 mgd, is accomplished by discharge into the Atlantic Ocean. The installed treatment capacity at the North District Plant was expanded to 120 mgd pursuant to the Settlement Agreements with the FDEP and the plant is currently conducting operational testing for two of the four deep injection wells prior to FDEP operational approval for all four wells. The Central District Plant also disposes of effluent by discharge into the Atlantic Ocean. The most recent environmental studies conducted by the EPA and examinations by the State and the Department conducted in 1994 have shown "no irreparable harm" and "no unreasonable degradation" to the environment as a result of the discharge of effluent from the North District Plant and the Central District Plant into the Atlantic Ocean.

The South District Plant disposes of its effluent through deep injection wells to the Lower Floridan Aquifer at a depth below 2,400 feet. The South District Plant has a permitted treatment capacity of 112.5 mgd and actual treatment capacity of 112.5 mgd. During the past 10 years, the Department constructed five additional deep-injection wells as part of its 112 mgd plant expansion project, but only one of these wells had received an operational permit. On April 29, 2004, the Department entered into a Consent Order (the "Order") with the FDEP to address the operation of the injection wells. The Order approved operational testing of the remaining four injection wells, and required the upgrade of the treatment process, *see* "REGULATORY MATTERS" for a more detailed description of the Order. With five additional wells operational, the actual treatment capacity at the South District Plant is sufficient to handle the average day effluent disposal requirements of the South District Plant.

The Department continues to explore different ways to reuse effluent. The practicality of reuse is affected by the cost of the added treatment, the cost of transmission and distribution systems, the possibility of contaminating the drinking water system through inadvertent cross connections, public attitudes about using treated wastewater and the quality of the water available for reuse. The Department has constructed a 5.5 mgd filtering system. The Department has also constructed a transmission main to provide 95,000 gallons per day of treated effluent from the North District Plant to Florida International University's ("FIU") Bay Vista Campus for use in land irrigation (the "FIU Project"). Finally, in order to meet the requirements of the in-kind reuse projects required by the Settlement Agreements and the EPA Second and Final Partial Consent Decree (which requires the expenditure of \$5,855,000 in public access reuse), the Department has constructed and is using a public access project to provide irrigation water at two wastewater treatment plants and potable water replacement for processes at the three wastewater treatment plants. The Department is currently conducting a reuse feasibility study, which is expected to be completed by July, 2006. *See* "REGULATORY MATTERS – Sewer System Settlement Agreements and Consent Decrees" herein.

## **Environmental Quality Management**

The public's concern for environmental quality is reflected in many of the Department's activities, from meeting the effluent discharge quality limits and the changing water quality standards to providing facilities that are unobtrusive and have minimum adverse impact on the environment. Federal, state and local regulations regarding preservation of wetlands impact nearly all land development activities in South Florida, including those of the Department and private developers. The necessity of protecting wetlands has required revisions to Department construction plans in the past, and will continue to do so with such requirements possibly increasing the cost of future Department projects. If a project is essential for the welfare of the community, and damage to valuable ecologic systems is unavoidable, the

permits may be issued with provisions for mitigating the losses by constructing or upgrading wetlands, planting mangroves or some similar program at a different location.

Since few sites remain for future plant locations which are not wetlands or near existing residential neighborhoods, it is anticipated that future water and sewage treatment plant expansions will require special design features such as multistory construction to minimize land requirements, special architectural and acoustical treatments, and odor control systems to make them unobtrusive.

## **Regulations**

Other than the matters described in "REGULATORY MATTERS" the Department is in compliance with all other material federal, state and local rules and regulations. [Confirm]

## **Everglades Remedial Program**

The federal Water Resources Development Act of 2000 ("WRDA") approved the Comprehensive Everglades Restoration Plan ("CERP"), which was developed by a multi-agency study team led by the U.S. Army Corps of Engineers ("USACE"). The CERP provides a framework and guide to restore, protect and preserve the water resources of central and southern Florida, including the Everglades. The CERP includes more than 60 projects, will take more than 30 years to construct, and will cost an estimated \$7.8 billion. The CERP projects that will be the responsibility of the Department are currently expected to be started after 2013, and, hence, will be added to the Capital Improvement Plan as needed. The CERP projects include Wastewater Reuse Technology ("WRT") to determine whether advanced wastewater reuse can meet the restoration requirements of the Project in a cost effective manner.

At the completion of the WRT pilots (approximately 2020), the Secretary of the Army will submit a report to Congress describing the evaluation of the WRT before congressional authorization for the full-scale advance wastewater reuse plants is sought. As a result of this schedule, the cost of the proposed plants recommended in the CERP has not been included in the projections of future capital expenditures of the Department.

## **Security**

Security at the Department's facilities has remained high since the September 11, 2001 attacks, and in 2002 the Board enacted an ordinance addressing long-term security at the Department's facilities, including wellfields and treatment plants. The ordinance specifically authorized the Department's Director to take any actions deemed necessary in an emergency, to secure the Department's facilities. The Director has already determined that a need exists to maintain increased security at the Department's facilities. Another important component of the ordinance is the issuance of new identification cards for all Department employees, contractors and visitors.

The Department has implemented a number of proactive measures to enhance the security of its water facilities as well as its response capabilities. Ten staff members have been licensed in the Risk Assessment Methodology Method for Water (RAM-W) for conducting vulnerability assessments. The vulnerability assessment of the water system was completed in March 2003 and submitted to the EPA as mandated. The Department has prepared its Emergency Response Plan (ERP) in accordance with the EPA regulations. This was submitted to the EPA prior to September 30, 2003. In accordance with federal requirements, the Department continues to assess, identify and implement feasible opportunities to minimize the vulnerability of the Department's facilities.

The EPA has not yet mandated performing vulnerability assessments of wastewater systems. When this has been mandated, the Department will perform a vulnerability assessment of its sewer

system, which will encompass an assessment of its wastewater treatment facilities, the collection system, and the pumping and transmission system.

The Department has hired a manager and three additional personnel that are dedicated to security at the Department's facilities.

## Insurance

The Department is insured against loss to facilities through a blanket property insurance program covering real and personal property, including boiler and machinery. Scheduled properties include various wastewater treatment plants, regional water treatment plants, pump stations, water storage facilities, maintenance facilities, ocean outfalls, headquarters building, and leased properties. The current schedule of values is approximately \$1.7 billion.

The current program has a limit of \$200 million with a deductible of \$100,000 for most perils. The program has a 5% named windstorm deductible with a \$100,000 minimum and \$10,000,000 maximum. Terrorism coverage is provided for both certified and non-certified acts.

The Department is covered under the County's self insurance program administered by the Risk Management Division of the General Services Department in accordance with Section 768.28, Florida Statutes as amended. F.S. §768.28 provides that tort claims against municipal governments are limited to \$100,000 per claim and \$200,000 in aggregate for any event or occurrence without a specific act of the Florida Legislature. This limitation applies to most of the liability claims that arise against the County or any local government in Florida, although certain liability claims such as claims under civil rights statutes, are not subject to these limitations.

## WATER AND SEWER CUSTOMERS AND REVENUES

### Accounts [UPDATE TO INCORPORATE 2006 NUMBERS]

The Department receives revenues for the sale of its water and sewer services from retail as well as wholesale customers.

The numbers of retail customers for the past five years are as follows:

#### Active Retail Customers For Fiscal Year Ended September 30

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Water	388,169	398,073	408,172	401,181*	407,601
Sewer	294,000	306,061	315,180	316,170	322,313
Percent ratio sewer customers to water customers	75.7%	76.9%	77.2%	78.8%	79.1%

\* After converting to a new Customer Information System (CIS) in 2002, the Department determined that an error had occurred in counting active retail water customers. The error was corrected in 2004.

Source: The Department

The current wholesale customers of the Utility are:

<u>Water</u>	<u>Sewer</u>
Bal Harbour	Coral Gables
Bay Harbor Islands	Florida City
Hialeah	Hialeah
Hialeah Gardens	Hialeah Gardens
Indian Creek Village	Homestead
Medley	Homestead Air Force Base
Miami Beach	Medley
Miami Springs	Miami Beach
North Miami	Miami Springs
North Miami Beach	North Miami
North Bay Village	North Miami Beach
Opa-locka	Opa-locka
Surfside	West Miami
Virginia Gardens	
West Miami	

Source: The Department

The ten largest customers for the Utility for Fiscal Year ended September 30, 2006 were:

#### Water System

<u>Name</u>	Dollar Amount (in thousands)	Percent of Utility Gross Revenues
City of Miami Beach	\$8,918	4.5%
City of Hialeah	8,358	4.2
City of North Miami Beach	4,276	2.2
Miami-Dade County Aviation Department	2,063	1.0
City of North Miami	1,952	1.0
Florida Power & Light Company	1,422	0.7
City of Opa-Locka	1,134	0.6
Hialeah Gardens	788	0.4
City of Miami Springs	683	0.3
Bal Harbour	524	0.3

Source: The Department

#### Sewer System

<u>Name</u>	Dollar Amount (in thousands)	Percent of Utility Gross Revenues
City of Hialeah	\$15,275	6.3%
City of Miami Beach	15,117	6.2
City of North Miami	6,924	2.9
City of Coral Gables	2,339	1.0
City of Miami Springs	2,125	0.9
City of Opa-Locka	2,010	0.8
City of North Miami Beach	1,428	0.6
City of Medley	1,196	0.5
Miami-Dade County Aviation Department	1,049	0.4
Hialeah Gardens	1,030	0.4

Source: The Department

## **Rates**

Effective October 1, 2005, various of the Department's rates were increased to produce an overall fifteen percent (15%) increase in revenues to recover the Utility system's requirements. The retail rate impact for the average combined water and sewer customer using 7,500 gallons monthly will be \$2.78 or 8.67%. In addition to the increase in rates, the Board approved the creation of a water and sewer "Maintenance Index" to adjust rates annually to provide additional revenues to recover increases in the Utility system's requirements. The water and sewer Maintenance Index can not exceed the Bureau of Labor Statistics "Water and Sewerage CPI" and will be included as an index in the Department's annual budget. For wholesale rates, the Board instructed the Department to meet with wholesale customers to confirm the rate changes prior to implementation on January 1, 2006. The Department has held meetings with the wholesale customers and based on those meetings, revisions to the approved wholesale rates will be recommended for implementation on January 1, 2006. The revisions to the wholesale rates will reduce the projected revenues to be recovered approximately \$6 million or 1.4% of total operating revenues.

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**MIAMI-DADE WATER AND SEWER DEPARTMENT  
SCHEDULE OF RATES**

**RETAIL CUSTOMERS**

**WATER:**

Effective  
October 1, 2005

**Meter Charge:**

**Monthly Charge**

**Meter Size**

5/8"	\$3.20
1"	\$7.87
1.5"	\$12.27
2"	\$26.24
3"	\$55.99
4"	\$87.45
6"	\$139.92
8"	\$244.86
10"	\$524.70
12"	\$991.10
14"	\$1,865.60
16"	\$3,498.00

**Monthly**

**Monthly Charge**

**Flow Rate All Usage:**

*Usage per 100 cubic feet (ccf):*

0 to 5 ccf	\$0.38
6 to 10 ccf	\$1.32
11 to 17 ccf	\$1.86
18 ccf and over	\$2.75

*Usage per 1,000 gallons:*

0 to 3,750 gallons	\$0.50
3,751 to 7,500 gallons	\$1.76
7,501 to 12,750 gallons	\$2.48
12,751 gallons and over	\$3.66

NOTE: 100 cubic feet (ccf) equals 750 gallons

Multi-Family Dwellings (MFD) – based on individual units for retail water

**MIAMI-DADE WATER AND SEWER DEPARTMENT  
SCHEDULE OF RATES**

**RETAIL CUSTOMERS**

**WATER:**

Effective  
October 1, 2005

**Meter Charge:**

**Quarterly Charge**

**Meter Size**

5/8"	\$9.60
1"	\$23.61
1.5"	\$36.81
2"	\$78.72
3"	\$167.97
4"	\$262.35
6"	\$419.76
8"	\$734.58
10"	\$1,574.10
12"	\$2,973.30
14"	\$5,596.80
16"	\$10,494.00

**Quarterly**

**Quarterly Charge**

**Flow Rate All Usage:**

*Usage per 100 cubic feet (ccf):*

0 to 5 ccf	\$0.38
6 to 10 ccf	\$1.32
11 to 17 ccf	\$1.86
18 ccf and over	\$2.75

*Usage per 1,000 gallons:*

0 to 3,750 gallons	\$0.50
3,751 to 7,500 gallons	\$1.76
7,501 to 12,750 gallons	\$2.48
12,751 gallons and over	\$3.66

NOTE: 100 cubic feet (ccf) equals 750 gallons

Multi-Family Dwellings (MFD) – based on individual units for retail water

Source: The Department

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**MIAMI-DADE WATER AND SEWER DEPARTMENT  
SCHEDULE OF RATES**

**RETAIL CUSTOMERS**

**WASTEWATER DISPOSAL:**

Effective  
October 1, 2005

**Monthly**

**Monthly Charge**

Base Facility Charge \$3.25

Flow Rate All Usage:

*Usage per 100 cubic feet (ccf):*

0 to 5 ccf	\$1.39
6 to 17 ccf	\$2.61
18 ccf and over	\$3.38

*Usage per 1,000 gallons:*

0 to 3,750 gallons	\$1.85
3,751 to 12,750 gallons	\$3.48
12,751 gallons and over	\$4.50

**Quarterly**

**Quarterly Charge**

Base Facility Charge \$9.75

Flow Rate All Usage:

*Usage per 100 cubic feet (ccf):*

0 to 15 ccf	\$1.39
16 to 51 ccf	\$2.61
52 ccf and over	\$3.38

*Usage per 1,000 gallons:*

0 to 11,250 gallons	\$1.85
11,251 to 38,250 gallons	\$3.48
38,251 gallons and over	\$4.50

NOTE: 100 cubic feet (ccf) equals 750 gallons

Multi-Family Dwellings (MFD) – based on individual units for retail wastewater

Source: The Department

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**MIAMI-DADE WATER AND SEWER DEPARTMENT  
SCHEDULE OF RATES**

**WHOLESALE CUSTOMERS**

**WATER CUSTOMERS:**

	Effective October 1, 2005	Recommended Revised October 1, 2005 to be implemented as of January 1, 2006 <sup>(1)</sup>
Hialeah and Miami Springs		
<i>Flow rate per 1,000 gallons</i>	\$1.02	\$0.97
All Other Wholesale Customers		
<i>Flow rate per 1,000 gallons</i>	\$1.19	\$1.10

**WASTEWATER CUSTOMERS:**

Monthly Base Fee

<i>(No gallonage disposal)</i>	\$4.66	\$0.00
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Rates for Wet Season (May 1 to October 31 Annually)

<i>Flow rate per 1,000 gallons</i>	\$2.18	\$1.95
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Rates for Dry Season (November 1 to April 30 Annually)

<i>Flow rate per 1,000 gallons</i>	\$1.78	\$1.52
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NOTE: 100 cubic feet (ccf) equals 750 gallons

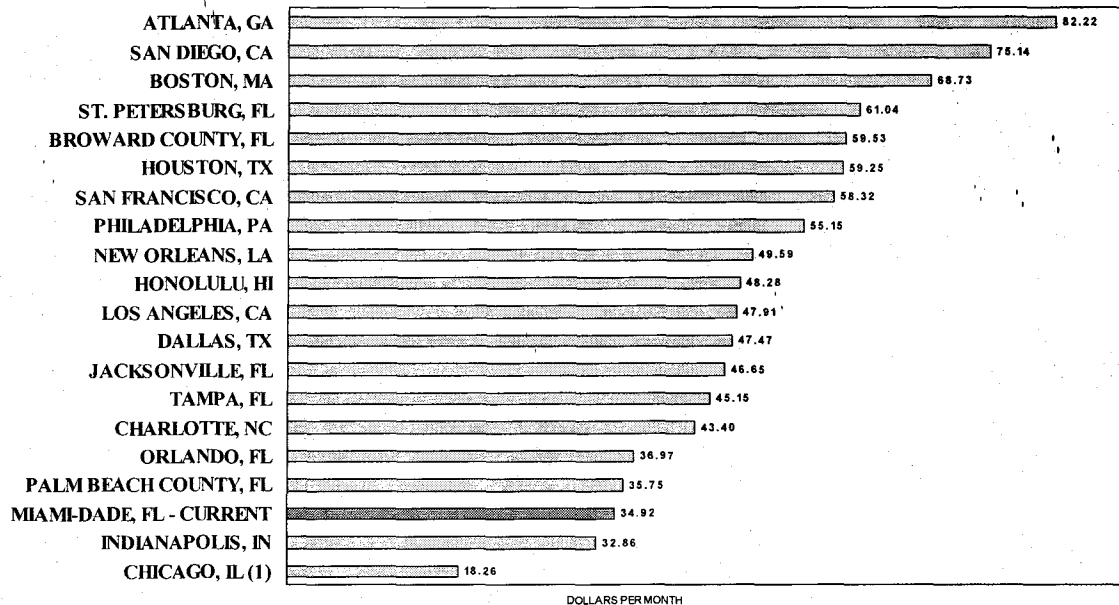
<sup>(1)</sup> The recommended revised rates to be implemented effective as of January 1, 2006, with the difference between the rates in effect immediately prior to October 1, 2005 and the rates effective as of January 1, 2006 to be recovered over the 36-month period beginning October 1, 2006.

Source: The Department

## Rate Comparison

The combined water and sewer bills of the Department are generally lower than those of comparable water and sewer utilities in other parts of the U.S. as shown in the following table:  
[UPDATE TABLE]

### COMBINED WATER AND SEWER BILLS FLORIDA MUNICIPALITIES AND MAJOR U.S. CITIES FOR THE AVERAGE RESIDENTIAL CUSTOMER\* EFFECTIVE OCTOBER 1, 2005



\* Average residential customer using 7,500 gallons per month. Historically, 7,500 gallons per month has been used for comparison purposes; however, current analysis indicates that the average residential customer uses 6,750 gallons per month.

(1) Per Raftelis Rate Survey, Chicago's water rates effective 1/1/2002.

Source: The Department

## Billing and Collection

The Department is responsible for all billing and collections. Of its approximately 408,000 customers, 396,000 are billed quarterly and 12,000 are billed monthly. Whether a customer pays monthly or quarterly depends upon consumption. Once a customer's average monthly usage, established over a one-year period, exceeds 100,000 gallons, then the customer is billed monthly. All system-produced bills are normally mailed 2 to 3 days after meter readings are obtained. The past due date on a quarterly bill is 26 days after the billing date and the past due date on a monthly bill is 21 days after the billing date. A 10% late charge is assessed on any portion of the water and/or sewer charge, which remains unpaid after the past due date and a delinquent bill is mailed. After an account with a balance greater than \$50 is 10 days past due, it is included on a potential disconnect list. Accounts from this list are processed for disconnection of service. If an account remains unpaid 10 days after service has been discontinued, the customer is sent a final bill. A special assessment lien is filed against any owner-occupied real property, which has received services and has charges that are more than 60 days past due and unpaid. The Department may proceed against lessees to collect delinquent water and sewer charges. In the event a

variance or discrepancy in a customer's usage is discovered, the Department will investigate to determine the cause. Supplemented bills will be sent to the customer with adjustments and such bills are subject to the same deadlines and penalties as regularly prepared bills. The Department issues adjusted and corrected bills for various reasons such as leaks, misreadings, coding errors, administrative rulings, backbillings and stopped or inaccurate meters.

The Department performs an annual write-off of retail accounts if (i) the balance due is under \$500 and the final bill is more than two years old, or (ii) the balance due is \$500 or more, is more than two years old, has been referred to a collection agency for at least one year and the Department determines that the amount is uncollectible. The write-off is for accounting purposes only. The Department continues to legally pursue payment from the delinquent customer. Over the last five years, write-offs have ranged between \$1,100,000 and \$2,500,000, or between 0.4% and 0.9% of Revenues.

### **Efficiency Program**

In January 1998, the Mayor established the "Efficiency and Competition Commission" in an effort to provide the citizenry with the best in government services at prices competitive with the private sector. Building on this impetus, in March 1998, the Department initiated "POWER," a **Partnership Optimizing WASD's (the Department) Efficiency and Reengineering**. The POWER program was implemented as a collaborative agreement with AFSCME Local 121 and the Government Supervisors Association of Florida.

Since the inception of the POWER program, the Department has documented efficiency savings of more than \$25,761,694 (as of 2003), and provided gainsharing to employees as incentives for continuous improvements. An additional \$4.9 million in savings has been identified for Fiscal Year 2004, but must be confirmed by the County's Office of Productivity and Improvement. The POWER program accomplishments include: efficiency savings; improvements to customer service; and complying with federal and state regulations. The POWER program has been such a success that the National Association of Counties selected the program for an Achievement Award "in recognition of an innovative program which contributes to and enhances county government in the United States." In addition, the Department received the prestigious "Gold Award for Competitiveness Achievement" from the Association of Metropolitan Water Agencies.

## **FINANCIAL OPERATIONS**

Utility Revenues, Operation and Maintenance Expenses, as well as certain assumptions and opinions pertaining to such financial data are described in the Audited Financial Report of the Miami-Dade Water and Sewer Department for Fiscal Year Ended September 30, 2006. *See APPENDIX B – AUDITED FINANCIAL REPORT OF THE MIAMI-DADE WATER AND SEWER DEPARTMENT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2006.*

### **Historical Results of Operations and Debt Service Coverage**

The following table summarizes audited historical operating results for the Utility for fiscal years ended September 30, 2002 through 2006. The historical results have been prepared based on information provided in the Department's audited financial statements for those years. The table also reflects the historical debt service coverage based on historical Pledged Revenues and debt service requirements.

# HISTORICAL OPERATING RESULTS AND DEBT SERVICE COVERAGE

(\$ in thousands)  
(Fiscal Year Ended September 30) **[UPDATE]**

	2001	2002	2003	2004	Unaudited 2005
<b>OPERATING REVENUES:</b>					
Retail	\$269,274	\$263,966	\$273,710	\$295,176	\$296,519
Wholesale	74,386	73,145	69,565	71,501	75,054
Other	16,963	16,996	18,827	18,896	19,573
Total operating revenues	<u>\$360,623</u>	<u>\$354,107</u>	<u>\$362,102</u>	<u>\$385,573</u>	<u>\$391,146</u>
<b>OPERATING AND MAINTENANCE EXPENSES</b>					
Source of supply	\$ 4,771	\$ 4,728	\$ 5,248	\$ 5,110	\$ 5,682
Collection system	12,935	12,793	13,193	14,534	15,246
Pumping	22,267	24,631	25,785	26,095	27,362
Treatment	73,347	77,552	86,991	89,511	104,276
Transmission and distribution	18,229	19,357	21,086	21,452	21,195
Customer accounting and service	21,197	22,083	19,915	22,505	20,619
General and administrative	27,473	35,728	46,173	53,706	58,447
Total operating and maintenance expenses	<u>\$180,219</u>	<u>\$196,872</u>	<u>\$218,391</u>	<u>\$232,913</u>	<u>252,827</u>
Operating income before depreciation	<u>\$180,404</u>	<u>\$157,235</u>	<u>\$143,711</u>	<u>\$152,660</u>	<u>\$138,319</u>
<b>PRIMARY DEBT SERVICE COVERAGE*</b>					
Net Operating revenues	\$180,404	\$157,235	\$143,711	\$152,660	\$138,319
Investment Earnings <sup>1</sup>	38,989	19,337	18,923	3,489	9,423
Net Transfers from (to) Rate Stabilization Fund	(16,000)	22,640	48,941	23,136	(1,579)
Net revenues available for debt service	\$203,393	\$199,212	\$211,575	\$179,285	\$146,163
Debt service requirements <sup>2</sup>	115,632	115,654	115,629	114,196	104,123
Actual coverage	1.76	1.72	1.83	1.57	1.40
Required coverage	1.10	1.10	1.10	1.10	1.10
<b>SUBORDINATED DEBT SERVICE COVERAGE*</b>					
Net revenues available for debt service	\$203,393	\$199,212	\$211,575	\$179,285	\$146,163
Less: Maximum principal and interest <sup>3</sup>	115,653	115,654	115,629	115,272	115,211
Adjusted net revenues	\$87,740	\$83,558	\$95,946	\$64,013	\$30,952
Debt service and reserve requirements <sup>4</sup>	11,641	13,129	15,348	14,053	15,082
Actual coverage	7.54	6.36	6.25	4.56	2.05
Required coverage	1.00	1.00	1.00	1.00	1.00
<b>STATE REVOLVING FUND LOANS DEBT SERVICE COVERAGE*</b>					
Net revenues available for debt service	\$203,393	\$199,212	\$211,575	\$179,285	\$146,163
Less: revenue required for primary debt service coverage <sup>5</sup>	127,195	127,219	127,192	125,615	114,535
Adjusted net revenues	\$76,198	\$71,993	\$84,383	\$53,670	\$31,628
Debt service requirements <sup>6</sup>	10,782	12,417	14,870	13,966	15,082
Actual coverage	7.07	5.80	5.67	3.84	2.10
Required coverage	1.15	1.15	1.15	1.15	1.15

Source: Water and Sewer Department's Comprehensive Annual Financial Report For The Fiscal Year Ended September 30, 2004, except for unaudited 2005 figures which were provided by the Department's internal sources.

<sup>1</sup> Excludes interest income from Construction Fund.

<sup>2</sup> Represents debt service requirements on outstanding Bonds for such fiscal year.

<sup>3</sup> Maximum principal and interest requirements on the Bonds for such fiscal year.

<sup>4</sup> Represents debt service and reserve requirements on subordinate obligations.

<sup>5</sup> Represents 110% of primary debt service requirements.

<sup>6</sup> Represents debt service requirements on outstanding State Revolving Fund Loans for such fiscal year.

## **Management's Discussion [UPDATE]**

As reflected in the historical operating results, the Department has continued to operate in challenging financial times. In the past two years (Fiscal Years 2004 and 2005), Operating Revenues have increased due to the rate increase approved by the Board beginning in 2004. In the Fiscal Years 2001 through 2003, Operating Revenues were flat. Interest income from investments has decreased dramatically over the last five years (Fiscal Years 2001 through 2005) due to market changes and the accounting recognition changes that occurred in Fiscal Year ended 2004.

Operating Expenses have continued to increase at an annual rate of 8% over the five year historical period. Increasingly stringent regulations have added to the costs of the water treatment processes. Increased levels of employee compensation, vehicle and fuel costs, utilities and communication costs also continue to drive increases in Operating Expenses. Additionally, a reduced level of capital project activities has caused general and administrative expenses to increase at a level higher than other categories of costs. In order to meet the systems needs, a net amount of \$77.1 million has been utilized from the Rate Stabilization Fund during the historical five year period. Preliminary indications are that the balances in the Rate Stabilization Fund and the General Reserve Fund will be at \$43.5 million and \$36.7 million, respectively, at the end of Fiscal Year 2005.

The Board has taken actions to address the need to increase revenues through the approved rate increases, which were effective October 1, 2005, along with other actions. See "WATER AND SEWER CUSTOMERS AND REVENUES – Rates."

On August 25, 2005, due to Hurricane Katrina, the Sewer System experienced seven overflows of approximately 132,551 gallons. On October 24, 2005, the County was impacted by a second hurricane, Wilma. The impacts of Hurricane Wilma were greater than that of Hurricane Katrina. A massive power outage required more than 90% of all facilities and buildings to operate on emergency generator power. Approximately 234 water lines and services were broken following the storm and subsequent recovery. However, system pressure was never lost and no boil water orders were required by the [Florida] Health Department. Following Hurricane Wilma, there were 21 hurricane related sewer spills for a total volume of 334,361 gallons. The Department has reported the sewer spills to the appropriate regulatory agencies. To date, the Department has not received any notice of penalties or other regulatory action. The most significant damage to the Department's facilities was to roofs, fences, doors and windows, with an estimated cost of \$2.7 million to replace. In addition, the estimated cost to repair damages to approximately 35 pump stations is \$2 million. The total estimated cost of storm impacts, including preparation, recovery and facility rehabilitation, is approximately \$15 million. The Department is pursuing the allowable recovery amounts through insurance claims and claims to Federal Emergency Management Agency.

### **MULTI-YEAR CAPITAL IMPROVEMENT PLAN**

The Department has for many years used a formal capital program and budgeting process. Under this process, capital programs are projected forward over a 6-year period and beyond and a detailed budget is adopted for the first year of each multi-year. Both program and budget commitments are reviewed each year and modified as necessary.

Set forth on the following page is a summary of the Department's funding sources for its Multi-Year Capital Improvement Plan ("CIP") for Fiscal Years 2006 through 2011 and future years through 2013. The funding of the CIP includes proceeds of the Outstanding Bonds, Additional Bonds and Subordinate Obligations. These CIP capital expenditures consist of the design, construction and construction management expenses associated with capital improvements related to the expansion of the wastewater treatment and collection facilities, the expansion and improvements to the water treatment plants and facilities including the pumping stations, water main rehabilitation, and other similar projects.

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The capital improvement projects are necessary to: (i) provide additional capacity to serve additional customers; (ii) meet the requirements of the regulatory actions imposed by the FDEP and the EPA; (iii) provide back up reserve capacity in the water and wastewater transmission systems; (iv) comply with level service requirements contained in the Comprehensive Development Master Plan; and (v) improve operating efficiencies of the Utility.

The Department's CIP provides that the Department intends to finance such plan with additional bond issues in Fiscal Year 2007-08 and Fiscal Year 2010-11 in addition to other funding sources.

The Department's projects in the CIP for Fiscal Years 2006 through 2011 have been found to be consistent with the improvements identified in the Water and Wastewater Facilities Master Plans, the Consent Decrees and the Interim Peak Flow Management Plan.

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**Miami-Dade Water and Sewer Department**  
**2006 - 2011 MULTI-YEAR CAPITAL IMPROVEMENT PLAN**  
**(\$ in Thousands)**  
**(Fiscal Year Ended September 30)**

	FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2008-2009	FY 2009-2010	FY 2010-2011	Future <sup>(1)</sup>	Total <sup>(2)</sup>
<b><u>Wastewater</u></b>								
Existing Bond Proceeds	\$ 74,341	\$ 102,588	\$ 3,392	\$ 23,074	\$ 0	\$ 0	\$ 0	\$ 203,395
Assumed Additional Bonds	0	0	91,622	51,871	26,159	49,368	424,380	643,400
State Revolving Fund	347	0	0	0	0	0	0	347
Plant Expansion	32,713	30,430	22,514	24,956	25,801	25,371	27,853	189,638
Renewal and Replacement Fund	32,073	9,048	41,340	43,460	45,050	53,424	59,483	283,878
Special Construction Fund	1,500	650	650	650	650	650	652	5,402
General Obligation Bond	896	1,650	1,879	4,277	1,988	1,762	84,172	96,624
<b>Total</b>	<b>\$ 141,870</b>	<b>\$ 144,366</b>	<b>\$ 161,397</b>	<b>\$ 148,288</b>	<b>\$ 99,648</b>	<b>\$ 130,575</b>	<b>\$ 596,540</b>	<b>\$ 1,422,684</b>

<b><u>Water</u></b>								
Existing Bond Proceeds	\$ 51,332	\$ 47,382	\$ 25,018	\$ 1,494	\$ 0	\$ 0	\$ 0	\$ 125,226
Assumed Additional Bonds	0	0	9,190	3,876	6,570	14,720	247,244	281,600
State Revolving Fund	5,091	0	0	0	0	0	0	5,091
Plant Expansion	5,500	5,500	5,500	5,500	5,500	5,500	5,275	38,275
Renewal and Replacement Fund	20,602	11,791	36,600	38,540	39,950	47,376	52,565	247,424
Fire Hydrant	3,015	2,801	2,360	2,860	3,360	3,360	4,356	22,112
Special Construction Fund	1,500	440	440	440	440	440	428	4,128
General Obligation Bond	4,639	2,647	7,378	9,713	1,702	2,913	65,560	94,552
<b>Total</b>	<b>\$ 91,679</b>	<b>\$ 70,561</b>	<b>\$ 86,486</b>	<b>\$ 62,423</b>	<b>\$ 57,522</b>	<b>\$ 74,309</b>	<b>\$ 375,428</b>	<b>\$ 818,408</b>

**Total MYCIP 2005-2011**

**Total Expenditures:**

**\$ 233,549   \$ 214,927   \$ 247,883   \$ 210,711   \$ 157,170   \$ 204,884   \$ 971,968   \$ 2,241,092**

Source: The Department

(1) Estimate of Fiscal Year 2011-2012 and FY 2012-2013 capital improvements.

(2) Includes through Fiscal Year 2013.



## REGULATORY MATTERS

### Water System [UPDATE]

#### Ground Water Under Direct Influence of Surface Water.

On January 23, 1997, the FDEP notified the Department that one raw water well at the County's Northwest Wellfield was designated as "ground water under the direct influence of surface water" ("GWUDI") and that several other wells may be GWUDI. The significance of a GWUDI designation is that the water source may be at risk for certain waterborne pathogens. The County disagreed with the FDEP since the pathogens of concern have never been detected at the County's water treatment plants.

To resolve the issues, the County and the FDEP negotiated an agreement providing for sampling, investigation, maintenance and rehabilitation, if necessary, of all 88 water wells in the County's wellfields. Sampling of the wells has been completed, and all 88 wells have been cleared as not being GWUDI. Four large diameter wells and the Northwest Wellfield have been rehabilitated at an approximate cost of \$2.5 million and five new replacement wells were constructed in the South Dade System at an approximate cost of \$1.1 million. The Department has undertaken initiatives to avoid or manage risks of a GWUDI designation, and to minimize the financial impact should one or more of the Department's wellfields be found to be GWUDI in the future.

#### Stage 1 and Stage 2 D/DBP Rules.

The Disinfectant/Disinfection By-Product Rule (the "D/DBP Rule") regulates disinfection/disinfectant byproducts ("DBPs") that are formed when chlorine reacts with naturally occurring organic constituents in drinking water. The D/DBP Rule was promulgated by the EPA in 1998, and will be implemented in two stages: with Stage 1 becoming effective in January 2004 and Stage 2 becoming effective 4 to 6 years later.

The Department has determined that the John E. Preston Water Treatment Plant is the only plant requiring modifications in order to consistently produce a system-wide water supply that complies with the Stage 1 D/DBP Rule. The Department identified the required process upgrades (high pH ferric enhanced softening) and is in the process of constructing the upgrades.

Construction of the Phase I plant modifications to comply with the Stage 1 D/DBP Rule began in December 2000 with an original target completion date of December 1, 2002. The Department utilized the available remedies allowed by the contract to ensure that the contractor expedited completion of the work; however, construction was delayed past the expedited completion date.

Recognizing that delays in construction would extend completion of the work beyond the effective date of the Stage 1 D/DBP Rule, the Department developed alternate measures to achieve regulatory compliance. The Department successfully implemented an alternate pretreatment approach at the John E. Preston Water Treatment Plant prior to January 2004, the effective date of the Stage 1 D/DBP Rule.

The Stage 2 D/DBP Rule sets more stringent compliance requirements than those established under the Stage 1 D/DBP Rule. Rather than allow for compliance to be determined based on system-wide averaging of monitored DBP levels, the Stage 2 D/DBP Rule is anticipated to require:

- Each monitored system location must achieve compliance on a running annual average basis. This eliminates the dampening effect that system-wide averaging has on individual sampling sites that produce elevated DBP levels.
- New monitoring sites must be selected based on criteria that are intended to promote selection of sites characterized by maximum DBP levels. This is expected to have the effect of shifting monitored DBPs to higher levels than historically observed.

The Department, anticipating the significant cost impact of this regulation, has conducted testing to assess the most cost-effective approach to achieve compliance. From this work, it was determined that the enhanced softening currently being implemented, coupled with the additional use of ozonation technology, would be the most suitable approach to achieve compliance. The Stage 2 D/DBP Rule is expected to become effective between 2008 and 2010.

#### Aquifer Storage and Recovery Permit Violation

On March 15, 2002, the FDEP issued a Notice of Non-compliance to the Department alleging that at the time of an underground injection control inspection, the ASR system at the Southwest Wellfield was in recharge mode of operation without FDEP approval. In accordance with the construction permit, the Department was required to obtain a written authorization prior to operating the wells. The Department was operating the ASR wells to troubleshoot the injection equipment. Following the inspection, the Department provided data to FDEP demonstrating that the water that was injected into the ASR system met primary drinking water standards as required by the permit operational testing conditions. On November 23, 2004, FDEP issued a proposed Consent Order with a total settlement of \$329,100. This amount includes \$294,100 in civil penalties and \$35,000 for costs and expenses incurred by FDEP. On December 28, 2004 and February 2, 2005, the Department provided comments to the FDEP on the conditions of the Consent Order. On October 5, 2005, the Department received a revised proposed Consent Order from FDEP. The Department is evaluating the revised proposed Consent Order and is expected to respond by December 9, 2005.

### **Sewer System**

#### South District Wastewater Treatment Plant Consent Orders.

In July 1994, the Department detected the presence of ammonia and total Kjeldahl nitrogen ("TKN") in monitoring wells at the South District Plant. The presence of those chemicals could indicate movement of effluent from the injection zone due to lack of geologic confinement, or it could be the result of injection well or monitoring well failure or other factors. Ammonia and TKN can be attributed to sewage effluent or other causes. Nevertheless, the presence of the chemicals detected by the Department does not create a health or environmental risk.

Subsequent to the Department's detection of ammonia and TKN in monitoring wells at the plant, the EPA and the FDEP threatened to commence enforcement action by alleging that the County was in violation of federal and state law and regulations regarding underground treated sewage injection wells. The EPA also threatened enforcement action because of discharges by the Department to on-site emergency disposal ponds, although the EPA and the FDEP previously approved emergency use of the ponds and the EPA funded their construction. Consequently, it was determined to be in the best interests of the Department, the EPA and the FDEP to attempt to negotiate consent orders and to avoid litigation. On October 21, 1997, the Board approved the Administrative Order on Consent (the "AOC"), the FDEP draft Consent Order (the "CO") and the thirteen (13) draft operation permits associated with the CO.

The AOC became effective on December 26, 1997. The AOC provided that the EPA will withhold enforcement action provided that the County conducts various studies and tests to attempt to identify what, if any, problems exist in regard to integrity of the injection and monitoring wells and geologic confinement of the injection zone. Discharges to the on-site emergency disposal ponds are restricted. The Department is in compliance with the AOC.

On April 16, 2002, the EPA notified the County that it was terminating the AOC effective August 1, 2002 based on the EPA's unilateral determination that the purpose of the decree was fulfilled. The EPA further directed the County to negotiate a new Consent Order with FDEP to address the continued use of the injection wells.

Following extensive negotiations and mediation, on March 5, 2003, the Department and the FDEP reached an agreement on a new Consent Order, which was approved by the Board on July 22, 2003. The Order became effective on April 29, 2004 and allows an increase in the treatment plant capacity from 97 million gallons per day ("mgd") to 112.5 mgd and the use of the four existing wells.

The Order requires the County to treat sewage effluent to meet the FDEP High Level Disinfection ("HLD") criteria prior to injection. The FDEP-approved HLD treatment process consists of filtration and chlorination. On the effective date of the Order, the County must commence the process of procuring, permitting, designing, funding and constructing a HLD treatment upgrade for 112.5 mgd with a peaking factor of 2. The upgrade is to be completed in a period of five years at an estimated cost of \$250 million. However, concurrent with this process, the County will be allowed to conduct two pilot projects to test the High Rate Disinfection ("HRD") and Ultraviolet Disinfection ("UV") processes, which are more cost effective, to demonstrate the equivalency of these processes to HLD. If either HRD or UV is equivalent, the County will be allowed to implement that process and stop the design of the HLD system. The Department conducted the two pilot tests and submitted the results to FDEP. FDEP concluded that based on the results of the pilot tests, HRD and UV are not equivalent to HLD. Therefore, the Department is currently designing an HLD project with an annual average daily flow capacity of 112.5 mgd.

The Order requires that for the future scheduled 18.75 MGD capacity expansion of the facility, reuse be implemented as the effluent disposal method. In addition, the Order requires that the County be the local sponsor for the South Miami-Dade Wastewater Reuse Project as described in the July 1999 Comprehensive Everglades Restoration Plan ("CERP"). Under this CERP project, 131 mgd of wastewater is currently slated for reuse. These requirements will cover all reuse commitments from this facility. See "Everglades Remedial Program" herein.

#### Sewer System Settlement Agreements and Consent Decrees.

*Systemwide Settlement Agreement.* In 1993, the County and the FDEP entered into a settlement agreement (the "Systemwide Settlement Agreement"), which requires the County to: (1) make improvements to the Central District Plant to reduce odors; (2) make improvements to its wastewater treatment plants so as to increase capacity according to a schedule set forth in the Systemwide Settlement Agreement; (3) improve its collection and transmission system according to a schedule set forth in the Systemwide Settlement Agreement; (4) conduct studies regarding inflow/infiltration/exfiltration rehabilitation and pump station capacity according to a schedule set forth in the Systemwide Settlement Agreement; (5) implement procedures for taking corrective action with respect to spills, and (6) make certain short-term capacity improvements. Pursuant to the Systemwide Settlement Agreement, the County agree to a schedule of stipulated penalties of \$10,000 per day per violation for failure to comply with certain specific requirements of the Systemwide Settlement Agreement. The Systemwide Settlement Agreement assesses separate penalties if effluent discharge from the Department's wastewater treatment

plants fails to meet certain criteria established by state law. At the present time, the Department remains in compliance with the Systemwide Settlement Agreement.

*First Partial Consent Decree.* In 1993, the County executed a First Partial Consent Decree (the "First Partial Consent Decree") with the U.S. to resolve an EPA action, which included allegations involving the use of a 72-inch force main (the "Original Cross-Bay Line") that traverses Biscayne Bay from downtown Miami to the Central District Plant on Virginia Key the Original Cross-Bay Line and the unpermitted discharge of untreated wastewater from the Department's Sewer System. The First Partial Consent Decree was approved by the District Court on January 13, 1994. Under the terms of the First Partial Consent Decree, the County was required to (i) construct a new force main (the "New Cross-Bay Line") to replace the Original Cross-Bay Line, (ii) cease the flow of untreated wastewater through the Original Cross-Bay Line no later than thirty (30) days after completion of the New Cross-Bay Line and (iii) construct a new force main from the 9th Street Pump Station to the 4th Street Pump Station. The County completed construction of the two new force mains and stopped using the Original Cross-Bay Line to carry untreated wastewater, all within the deadlines established under the First Partial Consent Decree.

The First Partial Consent Decree, which remains in effect, also requires that prior to any new sewer service connection, the County must certify that adequate transmission and treatment capacity exists at the time the treatment plant receives the new flow. Where capacity does not exist, the County will be required to either provide adequate capacity or restrict connections. At the present time, the County remains in compliance with the First Partial Consent Decree.

*Second and Final Partial Consent Decree.* In 1995, the County executed a Second and Final Partial Consent Decree (the "Second and Final Consent Decree") with respect to the Sewer System. Under the terms of the Second and Final Partial Consent Decree, the County is required to: (1) implement an infiltration and inflow inspection and rehabilitation program to reduce infiltration/inflow within the County's Sewer System; (2) minimize unauthorized storm water sewer connections; (3) implement a program to inspect and rehabilitate the County's sewage pump stations; (4) institute a remote monitoring system for the County's pump stations; (5) implement interim and long-term sewage collection system operating plans; (6) modify the County's maintenance program; (7) create an inventory of critical spare parts; (8) install and maintain a computerized collection and transmission system model; (9) develop and implement a treatment plant optimization program; (10) undertake a pump station upgrade and collection system improvement program (Peak Flow Management Plan); and (11) notify the EPA within twenty-four hours of any unauthorized discharge of wastewater into any surface water body. Pursuant to the Second and Final Partial Consent Decree, the Board enacted an ordinance requiring the County's wholesale sewer customers to implement collection and transmission remedial programs similar to those agreed to by the County in the Second and Final Partial Consent Decree. The scope of all improvements required to meet the terms of the Consent Decree is still being developed.

The Second and Final Partial Consent Decree stipulates civil penalties which will be imposed for each day that the County fails to meet the milestone dates set forth therein. The penalties range from \$500 per day per violation to \$15,000 per day per violation. The County is also required to undertake supplemental environmental projects in the amount of at least \$5,000,000 for water conservation and wastewater reuse. A civil penalty must also be paid by the County to the U.S. in the total amount of \$2,000,000 for violations as alleged by the U.S. in the complaint filed in this matter.

At the present time, the County has complied with certain terms of the Second and Final Partial Consent Decree and it is anticipated that the County will satisfy all of the Second and Final Consent Decree. The Department is in the process of completing a comprehensive lateral investigation program ("CLIP") to evaluate reducing infiltration and inflow in service laterals. The CLIP is scheduled for

completion by February 2006 and the results of the program will be used to develop the final Peak Flow Management Plan, which must be submitted by February 8, 2007 in accordance with the Second and Final Partial Consent Decree. The Department has requested one year extensions to these two dates, and EPA response is currently pending.

#### Sewer System Overflow Violations

In 2001, the State of Florida enacted the Environmental Litigation Reform Act ("ELRA"), which allowed FDEP to address environmental cases with penalties of less than \$10,000 through administrative proceedings. ELRA also established a mechanism for mediation at no cost to respondents. FDEP began implementation of ELRA in 2003. In July 2003, FDEP issued a proposed settlement to the Department addressing sewage overflows that occurred in December 2002 for which FDEP had issued warning letters. On March 23, 2005, FDEP issued a subsequent proposed settlement for a total of thirteen (13) overflow events, assessing civil penalties in the amount of \$97,800 and \$7,850, respectively, to reimburse FDEP costs, for a total of \$105,650 in penalties. It is the Department's position that the overflow events were unpreventable and on April 13, 2005, sent a letter to the FDEP requesting mediation. To date, FDEP has not responded to the Department's request for mediation.

### **LITIGATION**

The County is a defendant from time to time in various lawsuits. No litigation questioning the corporate existence of the County or the right of its officials to their respective offices, or questioning or affecting the validity of the Series 2007 Bonds or the Bond Ordinance is pending. Furthermore, to the knowledge of the Office of the County Attorney, no litigation that would materially or adversely affect the ability of the County to consummate its obligations under the Bond Ordinance, including its payment obligations thereunder, is threatened. [SECTION NEEDS TO BE UPDATED AS NECESSARY]

### **ENFORCEABILITY OF REMEDIES**

The remedies available to the owners of the Series 2007 Bonds upon an Event of Default under the Bond Ordinance are in many respects dependent upon regulatory and judicial actions that are often subject to discretion and delay. Under existing laws and judicial decisions, the remedies provided for under the Bond Ordinance may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2007 Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Series 2007 Bonds is subject to various limitations including those imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the enforcement of creditors' rights generally and by equitable remedies and proceedings generally.

### **TAX MATTERS**

#### **General**

In the opinion of Squire, Sanders & Dempsey L.L.P. and KnoxSeaton, Bond Counsel, under existing law (i) interest on the Series 2007 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) the Series 2007 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. Bond Counsel will express no opinion as to any other tax consequences regarding the Series 2007 Bonds.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the County to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2007 Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of those certifications and representations or the continuing compliance with the County's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Series 2007 Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the Internal Revenue Service.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the County may cause loss of such status and result in the interest on the Series 2007 Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2007 Bonds. The County has covenanted to take the actions required of it for the interest on the Series 2007 Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series 2007 Bonds, Bond Counsel will not undertake to determine (or to inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2007 Bonds or the market prices of the Series 2007 Bonds.

A portion of the interest on the Series 2007 Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Series 2007 Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2007 Bonds. Bond Counsel will express no opinion regarding those consequences.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress. There can be no assurance that legislation enacted or proposed, or clarification of the Code, after the date of issuance of the Series 2007 Bonds, will not have an adverse effect on the tax status of interest on the Series 2007 Bonds or the market prices of the Series 2007 Bonds.

Prospective purchasers of the Series 2007 Bonds should consult their own tax advisers regarding pending or proposed federal tax legislation, and prospective purchasers of the Series 2007A Bonds at other than their original issuance at the respective prices or yields indicated on the inside cover page of

this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Series 2007 Bonds ends with the issuance of the Series 2007 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the beneficial owners regarding the tax status of interest on the Series 2007 Bonds in the event of an audit examination by the Internal Revenue Service. The Internal Revenue Service has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the Internal Revenue Service does audit the Series 2007 Bonds, under current Internal Revenue Service procedures, the Internal Revenue Service will treat the County as the taxpayer and the beneficial owners of the Series 2007 Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the Internal Revenue Service, including, but not limited to, selection of the Series 2007 Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market prices for the Series 2007 Bonds.

### **Original Issue Discount and Original Issue Premium**

Certain of the Series 2007 Bonds (the "Discount Bonds") as indicated on the inside cover page of this Official Statement were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2007 Bonds; and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the price or yield for that Discount Bond stated on the inside cover page of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Series 2007 Bonds (the "Premium Bonds") as indicated on the inside cover page of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price or yield for that Premium Bond stated on the inside cover page of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its

earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount Bonds and Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable in any period with respect to the Discount Bonds or Premium Bonds and as to other federal tax consequences and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

### **DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS**

Florida law requires the County to make a full and fair disclosure of any bonds or other debt obligations which it has issued or guaranteed and which are or have been in default as to principal or interest at any time after December 31, 1975 (including bonds or other debt obligations for which it has served as a conduit issuer). Florida law further provides, however, that if the County in good faith believes that such disclosures would not be considered material by a reasonable investor, such disclosures may be omitted. The County is not and has not been in default as to principal and interest on bonds or other debt obligations which it has issued as the principal obligor or guarantor.

There are several special purpose governmental authorities of the County that serve as conduit issuers of private activity bonds for purposes such as housing, industrial development and health care. Defaults have occurred in connection with some of those private activity bonds; however, such defaults affect only the defaulted issues and have no effect on the payment of the Series 2007 Bonds. The County has no obligation to pay such bonds and the conduit issuers had only a limited obligation to pay such bonds from the payments made by the underlying obligors with respect to such issues. Therefore, the County in good faith believes that defaults relating to conduit issuers are not material with regard to the Series 2007 Bonds and any disclosure concerning any defaults of conduit financings is not necessary.

### **CONTINUING DISCLOSURE**

The County has covenanted in the Series 2007 Resolution, in accordance with the provisions of, and to the degree necessary to comply with, the secondary disclosure requirements of Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission ("SEC"), to provide or cause to be provided for the benefit of the Beneficial Owners of the Series 2007 Bonds to each nationally recognized municipal securities information repository ("NRMSIR"), and to the appropriate State Information Depository ("SID"), if any, designated by the State of Florida, the information set forth in the Series 2007 Resolution (the "Annual Information"), commencing with the Fiscal Year ending [September 30, 2007].

The County has reserved the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the County; provided that the County has agreed that any modification will be done in a manner consistent with the Rule.

### **RATINGS**

Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Rating Services ("S&P"), and Fitch Ratings ("Fitch") have assigned long term ratings of "[Aaa]," "[AAA]" and "[AAA]," respectively, to the Series 2007 Bonds, with the understanding that, upon delivery of the Series 2007 Bonds, the Bond Insurance Policy will be issued by the Bond Insurer. The Series 2007 Bonds have been assigned underlying long-term ratings of [ ], [ ], and [ ] by Moody's S&P and Fitch, respectively, without regard to the Bond Insurance Policy to be issued by the Bond Insurer. Such ratings reflect only the views



of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007; Standard & Poor's Ratings Group, 25 Broadway, New York, New York 10004; and Fitch Ratings, One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies concerned, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2007 Bonds.

### **INDEPENDENT ACCOUNTANTS**

The financial statements of the Department for the Fiscal Year ended September 30, 2006, attached as APPENDIX B were audited by Rachlin Cohen & Holtz LLP independent certified public accountants.

### **FINANCIAL ADVISOR**

PFM Dade Advisors LLC, Coral Gables, Florida (the "Financial Advisor"), has served as financial advisor to the County and the Department with respect to the offering of the Series 2007 Bonds. The Financial Advisor has assisted in the preparation of this Official Statement and in other matters relating to the planning of the offering of the Series 2007 Bonds.

### **UNDERWRITING**

Morgan Keegan & Company, Inc., as representative and the other underwriters listed on the cover page (collectively, the "Underwriters"), have agreed pursuant to the Bond Purchase Agreement between the County and the Underwriters with respect to the Series 2007 Bonds, subject to certain conditions, to purchase the Series 2007 Bonds from the County at the initial public offering prices or yields set forth on the inside cover of this Official Statement less an underwriters' discount of \$[\_\_\_\_\_]. The initial public offering prices or yields set forth on the inside cover of this Official Statement may be changed by the Underwriters and the Series 2007 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2007 Bonds into investment trusts) and others at prices lower than, or yields higher than, such public offering prices or yields. The Underwriters reserve the right to over allot or effect transactions that stabilize or maintain the market prices of the Series 2007 Bonds at levels above that which might otherwise prevail in the open market and to discontinue such stabilizing, if commenced, at any time.

### **VERIFICATION OF CERTAIN COMPUTATIONS**

The Verification Agent will verify the accuracy of the mathematical computations illustrating (i) the adequacy of the maturing principal of and interest on the Government Obligations and the uninvested cash to be deposited in the Escrow Fund created under the Escrow Agreement to pay the principal of, redemption premium and interest on the Refunded Bonds through and including the redemption date of October 1, 2007 and (ii) the actuarial yields supporting Bond Counsel's opinions relating to tax matters. Such verification will be based in part upon schedules supplied to the Verification Agent by the Underwriters.

## LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Series 2007 Bonds, including their legality and enforceability and the exclusion of interest on the Series 2007 Bonds from gross income for federal income tax purposes, are subject to the approval of Squire, Sanders & Dempsey L.L.P., Miami, Florida, and KnoxSeaton, Miami, Florida, Bond Counsel, copies of whose legal opinions will be delivered with the Series 2007 Bonds. Certain other legal matters will be passed upon for the County by the Office of the Miami-Dade County Attorney. Certain legal matters relating to disclosure will be passed upon for the County by Hogan & Hartson L.L.P., Miami, Florida, McGhee & Associates, Miami, Florida, and the Law Offices José A. Villalobos, P.A., Miami, Florida, Disclosure Counsel. Nabors, Giblin & Nickerson, P.A., Tampa, Florida, is acting as counsel to the Underwriters solely for the purposes of preparing the bond purchase agreement, any agreements among the Underwriters and rendering an opinion that the Series 2007 Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Series 2007 Resolution is not required to be qualified under the Trust Indenture Act of 1939, as amended; and they have not been asked to and are not passing on the accuracy or completeness of this Official Statement.

The proposed text of the legal opinions of Bond Counsel is set forth as APPENDIX D to this Official Statement. The proposed text of the legal opinion to be delivered to the Underwriters by Disclosure Counsel is set forth as APPENDIX E to this Official Statement. The actual legal opinions to be delivered may vary from the text of APPENDIX D or APPENDIX E, as the case may be, if necessary, to reflect facts and law on the date of delivery of the Series 2007 Bonds.

The legal opinions of Bond Counsel, Disclosure Counsel and the Office of the Miami-Dade County Attorney are based on existing law, which is subject to change. Such legal opinions are further based on factual representations made to Bond Counsel, Disclosure Counsel and the Office of the Miami-Dade County Attorney as of the date thereof. Bond Counsel, Disclosure Counsel and the Office of the Miami-Dade County Attorney assume no duty to update or supplement their respective opinions to reflect any facts or circumstances, including changes in law, that may thereafter occur or become effective.

The legal opinions to be delivered concurrently with the delivery of the Series 2007 Bonds express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## CERTIFICATE CONCERNING THE OFFICIAL STATEMENT

Concurrently with the delivery of the Series 2007 Bonds, the County will furnish its certificate, executed by the County's Finance Director and the Department's Director to the effect that, to the best of her knowledge, this Official Statement, as of its date and as of the date of delivery of the Series 2007 Bonds, does not contain any untrue statement of material fact and does not omit any material fact that should be included herein for the purpose for which the Official Statement is to be used, or which is necessary to make the statements contained herein, in light of the circumstances under which they were made, not misleading.

## MISCELLANEOUS

This Official Statement is dated as of the date set forth on the cover page and the information contained in this Official Statement is subject to change. This Official Statement, together with other documents described in this Official Statement, will be available upon request prior to the issuance and sale of the Series 2007 Bonds through the Office of the Finance Director, 111 N.W. First Street, Suite 2550, Miami, Florida 33128 at (305) 375-5147. Following the issuance and sale of the Series 2007 Bonds, this Official Statement and the other documents described in this Official Statement may be obtained upon request following payment of reproduction costs and postage through the Office of the Finance Director.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2007 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described in this Official Statement, are intended solely as such and are not to be construed as representations of facts. The references, excerpts and summaries of all documents referred to in this Official Statement do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters relating to the Series 2007 Bonds, the security for the payment of the Series 2007 Bonds and the rights and obligations of the Holders of the Series 2007 Bonds.

The information set forth in this Official Statement has been obtained from the County and other sources, which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness by the County, and is not to be construed as a representation of the County or the Underwriters. The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made shall under any circumstances create any implication that there has been no change in the matters referred to in this Official Statement since its date.

Any statement made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, is set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The delivery and the distribution of this Official Statement to the Underwriters by the Finance Director is conclusive proof of the approval of this Official Statement by the Board.

**APPENDIX A**

**GENERAL INFORMATION RELATIVE TO  
MIAMI-DADE COUNTY, FLORIDA**

## **GENERAL INFORMATION RELATIVE TO MIAMI-DADE COUNTY, FLORIDA**

Set forth below is certain general information concerning the County government and certain governmental services provided by the County.

### **History**

The County is the largest county in the southeastern United States in terms of population. The County currently covers 2,209 square miles, located in the southeastern corner of the State, and includes, among other municipalities, the cities of Miami, Miami Beach, Coral Gables and Hialeah. In 2006, the population of the County was estimated to have been 2,431,819.

The County was created on January 18, 1836 under the Territorial Act of the United States. It included the land area now forming Palm Beach County and Broward County, together with the land area of the present County. In 1909, Palm Beach County was established from the northern portion of what was then Dade County. In 1915, Palm Beach County and the County contributed nearly equal portions of land to create what is now Broward County. There have been no significant boundary changes to the County since 1915.

### **County Government and Services**

The State Legislature in 1955 approved and submitted to a general election a constitutional amendment designed to give a new form of government to the County. The amendment was approved in a statewide general election in November 1956. A Dade County Charter Board was constituted and, in April 1957, completed a draft of a charter for the County. The proposed charter (the "Charter") was adopted in a countywide election in May 1957 and became effective on July 20, 1957. The electors of the County were granted power to propose and amend the Charter from time to time by countywide vote. The most recent amendment was in January 2007. The County has home rule powers, subject only to the limitations of the Constitution and general laws of the State. The County, in effect, is both (1) a county government with certain powers effective throughout the entire County, including 35 municipalities, and (2) a municipal government for the unincorporated area of the County. The County has not displaced or replaced the cities, but supplements them. The County can take over particular activities of a city's operations if the services fall below minimum standards set by the Board, or with the consent of the governing body of a particular city.

On January 23, 2007, the electors of the County approved an amendment to the Home Rule Amendment and Charter which established a "strong mayor" form of government. This amendment expands the Mayor's power over administrative matters. The County Manager, who previously was chief administrator, now reports directly to the Mayor, who has the authority to hire, fire and set the salary of the County Manager. Under this new system, the Mayor also appoints all department heads.

The County has assumed responsibility on a countywide basis for an increasing number of functions and services, including the following:

- (a) County-wide police services, complementing the municipal police services within the cities and providing full-service police protection for the unincorporated areas of the County, with direct access to the National Crime Information Center in Washington, D.C. and the Florida Crime Information Center.
- (b) Uniform system of fire protection, complementing the municipal fire protection services within five municipalities and providing full-service fire protection for the Miami-Dade Fire and Rescue Service District, which includes the unincorporated area of the County

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and the 29 municipalities which have consolidated their fire departments within the Miami-Dade Fire and Rescue Department. The Miami-Dade Fire and Rescue Department also provides emergency medical services by responding to and providing on-site treatment to the seriously sick and injured.

- (c) Certain expenses of the State's consolidated two-tier court system (pursuant to Section 29.008 of the Florida Statutes) are the responsibility of the County. The two-tier court system consists of the higher Circuit Court and the lower County Court. The Circuit Court handles domestic relations, felonies, probate, civil cases where the amount in dispute is \$15,000 or more, juvenile cases, and appeals from the County Court. The County Court handles violations of municipal ordinances, misdemeanors and civil cases where the amount in dispute is less than \$15,000.
- (d) County-wide water and sewer system operated by the Water and Sewer Department.
- (e) Jackson Memorial Hospital ("JMH") is operated, maintained and governed by an independent governing body called the Public Health Trust (the "Trust"). Based on the number of admissions to a single facility, JMH is one of the nation's busiest medical centers. The Board appoints members of the Board of Trustees for the Trust and also approves the budget of the Trust. The County continues to subsidize treatment of indigent patients on a contractual basis with the Trust.
- (f) Unified transit system, consisting of various surface public transportation systems. In May, 1985, the 20.5 miles Phase I of the County's rapid rail transit system was completed and placed into operation. An extension was opened in May 2003 expanding the rail service along the north section from Okeechobee to the Palmetto station, making the system 22.4 miles long. In April 1986, the Metromover component of the rapid rail transit system commenced operation, with 1.9 miles of an elevated double loop system. Two extensions were subsequently constructed extending the service 1.4 miles south to the Brickell Avenue area and 1.1 miles north to the area known as Omni, for a total of 4.4 miles of service. These extensions were placed in service on May 1994.
- (g) Combined public library system consisting of the Main Library, 40 branches and 2 bookmobiles offering educational, informational and recreational programs and materials. On an annual basis, approximately 6.1 million people visit the libraries, 875,000 registered borrowers check out more than 6.7 million items such as books, videotapes, DVDs, books on tape, CDs and other library materials, while reference librarians answer over 5.8 million questions, and 1.9 million internet sessions are provided free of charge. The Library Home Page offers e-books, downloadable audio books, downloadable videos, and many other information sources.
- (h) Property appraisal services are performed by the County's Property Appraiser's office. Tax collection services are performed by the Miami-Dade Tax Collector. All collected taxes are distributed directly to each governmental entity, according to its respective tax levy. The municipalities, the Board of Public Instruction and several State agencies use data furnished to them by the Miami-Dade Tax Collector for the purpose of budget preparation and for their governmental operations.
- (i) Minimum standards, enforceable throughout the County, in areas such as environmental resources management, building and zoning, consumer protection, health, housing and welfare.

- (j) Garbage and trash collection, and disposal services, consisting of garbage and trash collection services to an average of approximately 315,000 households during Fiscal Year 2006 within the unincorporated area and certain municipalities within the County and disposal services to public and private haulers countywide.
- (k) The Dante B. Fascell Port of Miami (the "Port"), owned and operated by the County through the Seaport Department. The Port is the world's largest multi-day cruise port in terms of cruise passengers, handling over approximately 3,731,000 passengers in Fiscal Year 2006. As of September 2006, the Port had the largest container cargo port in the State and is within the top ten in the United States in total number of containers held.
- (l) The following airport facilities: (i) the Miami International Airport (the "Airport"), the principal commercial airport serving South Florida; (ii) the Opa-locka Airport, a 1,810 acre facility, (iii) the Opa-locka West Airport, a 420 acre facility, (iv) the Kendall-Tamiami Executive Airport, a 1,380-acre facility, (iv) the Homestead Airport, a 960-acre facility and (vi) the Training and Transition Airport, a facility of approximately 24,300 acres located in Collier and Miami-Dade Counties. All County-owned and operated by the Miami-Dade Aviation Department.
- (m) Several miscellaneous services, including mosquito and animal control.

### **Other Post Employment Benefits**

In June 2004, the Governmental Accounting Standards Board ("GASB") issued Statement No. 45 ("GASB 45"), which addresses how state and local governments should account for and report their costs and obligations related to post-employment health care and other non-pension benefits referred to as other post-employment benefits ("OPEB"). GASB 45 generally requires that state and local government employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner they currently do for pensions. Annual OPEB cost for most state and local government employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they become due. The provisions of GASB 45 established disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and for certain employers, the extent to which the plan has been funded over time.

The County provides medical and dental plans to its employees. The County has approximately 27,000 active employees, 1,300 pre-65 retirees and 1,400 post-65 retirees. The County provides retirees with the opportunity to participate in group employee health plans. Employees that retire and receive benefits under the Florida Retirement System are eligible to continue to participate in the health and dental plans. Retirees that elect to participate in the plans pay 100% (employer and employee portion) of the composite annual medical premium determined for the group consisting of active employees and pre-65 retirees. The County also provides paid health benefits to elected officials, employees offered an early retirement program, retirees injured in the line of duty that meet certain requirements defined in bargaining agreements, and a very small group of executive level employees.

While GASB 45 requirements will be effective for the County's Fiscal Year ending September 30, 2008, the County has received a preliminary estimate of the (i) accrued actuarial OPEB liability as of October 1, 2007 to be \$159 million and (ii) annual OPEB expense for Fiscal Year 2008 to be \$16.3 million, which assumes a 25-year amortization schedule and equal annual payments. Currently, the County's policy is to fund the benefits as claims are reported on a pay-as-you-go basis and the estimates assume the County will continue that policy. However, if the County were to adopt a funding policy where amounts are contributed in excess of the pay-as-you-go costs, then the estimated (i) accrued

actuarial OPEB liability could decrease to \$114 million and (ii) Fiscal Year 2008 annual OPEB expense could decrease to \$13.4 million, assuming a 25-year amortization schedule and equal annual payments.

The above estimates depend on several variables, including funding levels, cost method, actuarial assumptions and amortization approach. Since the County is still finalizing the variables, these estimates could change.

## **Economy**

The County's economy has transitioned from mixed service and industrial in the 1970s to a service economy. The shift to services is led by expansion of international trade, the tourism industry, and health services. Wholesale and retail trades have become stronger economic forces in the local economy, and are projected to continue. This reflects the County's position as a wholesale center in Southeast Florida, serving a large international market. The tourism industry remains one of the largest sectors in the local economy.

In an effort to further strengthen and diversify the County's economic base, the County commissioned a private consulting firm in 1984 to identify goals and objectives for various public and private entities. The Beacon Council was established as a public-private partnership to promote these goals and objectives.

## **International Commerce**

The Greater Miami Area is the center for international commerce for the southeastern United States. Its proximity to the Caribbean, Mexico, Central America and South America makes it a natural center of trade to and from North America. More than 1,200 multinational corporations are established in South Florida. In addition, the international background of many of its residents is an important labor force characteristic for multinational companies which operate across language and cultural differences.

Trade with Latin America, Europe and Caribbean countries has generated substantial growth in the number of financial institutions conducting business in the County. The large Spanish-speaking labor force and the State's proximity to Latin America have also contributed to the growth of the banking industry in the County. According to the Federal Reserve Bank of Atlanta, as of September 30, 2006, there were 12 Edge Act Banks throughout the United States; five of those institutions were located in the County with over \$6.8 billion on deposit. Edge Act Banks are federally chartered organizations offering a wide range of banking services, but limited to international transactions only. These banking institutions are: American Express Bank International, Bancafe International, Banco Santander International, Bank Boston International, and HSBC Private Bank International.

The County had the highest concentration of international bank agencies on the east coast south of New York City, with a total of 32 foreign chartered banks and over \$15.5 billion on deposit as of September 30, 2006, according to the Florida Department of Financial Services, Office of Financial Regulations.

## **Corporate Expansion**

The favorable geographic location of the County, a well-trained labor force and the favorable transportation infrastructure have allowed the economic base of the County to expand by attracting many national and international firms doing business in Latin America. Among these corporations are: Carnival Cruise Lines, Elizabeth Arden, Federal Express Corporation, Kraft Foods International, Parfums Christian Dior, Porsche Latin America, Telefonica, AIG, and Caterpillar.

Significant strides have been made in attracting non-manufacturing firms to the County. Some of the national firms with established international operations located in the County are: ASTAR Air Cargo,

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Burger King, Ryder Systems, Lennar, Oracle Corporation, The Gap, Starboard Cruise Services and the William Morris Agency.

## **Industrial Development**

The role of the Miami-Dade County Industrial Development Authority (the "IDA") is the development and management of the tax-exempt industrial development revenue bond program, which serves as a financial incentive to support private sector business and industry expansion and location. Programs developed are consistent with the IDA's legal status and compatible with the economic development goals established by the Board and other economic development organizations operating in the County.

Between 1979 and the creation of the Beacon Council in 1986, the IDA provided expansion and location assistance to 195 private sector businesses, accounting for a capital investment of \$695 million and the creation of over 11,286 new jobs.

The IDA's principal program, the Tax-Exempt Industrial Development Revenue Bond Program, generated 420 applications through December 2006. As of January 2007, bonds for 207 company projects have been issued for a total volume in excess of \$1.3 billion. Approximately 9,334 new jobs have been generated by these projects. The IDA continues to manage approximately 57 outstanding Industrial Development Revenue Bond Issues, approximating \$709 million in capital investment.

## **Other Developmental Activities**

In October, 1979, the Miami-Dade County Health Facilities Authority (the "Health Authority") was formed to assist local not-for-profit health care corporations to acquire, construct, improve or refinance health care projects located in the County through the issuance of tax-exempt bonds or notes. Since its inception, the Health Authority has issued 24 series of revenue bonds for 17 projects and 17 refundings. As of December 2006, the total amount of revenue bonds issued by the Health Authority was over \$1.4 billion.

In October 1969, the Board created the Miami-Dade County Educational Facilities Authority (the "EFA") to assist institutions of higher learning within the County to have an additional means to finance facilities and structures needed to maintain and expand learning opportunities and intellectual development. As of December 2006, the EFA has issued 38 series of revenue bonds for 26 projects and 23 refundings, totaling over \$1.4 billion.

In December 1978, the Housing Finance Authority of Miami-Dade County (Florida) (the "HFA") was formed to issue bonds to provide the HFA with moneys to purchase mortgage loans secured by mortgages on single family residential property owned by low and moderate income persons residing in the County. Since its inception, the HFA has generated \$1.2 billion in mortgage funds through the issuance of revenue bonds under the Single Family Mortgage Revenue Bond Program benefiting approximately 12,000 families in the County.

As of December 2006, under the HFA's Multi-Family Mortgage Revenue Bond Program revenue bonds aggregating approximately \$917 million have been issued for new construction or rehabilitation of 16,752 units.

The bonds issued by the foregoing authorities and the IDA are not debts or obligations of the County or the State or any political subdivision thereof, but are payable solely from the revenues provided by the respective private activity borrower as security therefor.

## **Film Industry**

The County continues to be a vibrant production center for film, television, commercial advertising and still photo shoots. The sector is particularly strong in the area of Spanish language teleproductions, where Miami based companies such as Univision, Telemundo, Venevision, Fono Video and Plural continue to produce dozens of telenovelas and other television content for the growing U.S. Hispanic and Latin American markets. The growth trend in European based productions filming in Miami also continued in 2006, due in part to the continuing strength of the Euro. Several European companies, including Spain's Plural and Shine from the UK, have made a permanent move to Miami as their entry point into the U.S. marketplace.

Miami as a brand name prominently figured in many high profile films and television shows during 2006, including "Miami Vice," "CSI: Miami," Showtime's "Dexter" and the Discovery Channel's "Miami Ink."

## **Surface Transportation**

The County owns and operates through its Transit Agency (a County department), a unified multi-modal public transportation system. Operating in a fully integrated configuration, the County's Transit Agency provides public transportation services through: (i) Metrorail - a 22.4-mile, 22-station elevated electric rail line connecting South Miami-Dade and the City of Hialeah with the Downtown and Civic Center areas, providing 17.2 million passenger trips annually; (ii) Metromover - a fully automated, driverless 4.4-mile elevated electric double-loop people-mover system interfaced with Metrorail and completing approximately 8.2 million passenger trips annually throughout 22 stations in the central business district and south to the Brickell international banking area and north to the Omni area; and (iii) Metrobus, including both directly operated and contracted conventional urban bus service, operating over 38 million miles per year, interconnecting with all Metrorail stations and key Metromover stations, and providing over 109 million passenger trips annually.

The County also provides para-transit service to qualified elderly and handicapped riders through its Special Transportation Service, which supplies over 1.5 million passenger trips per year in a demand-response environment.

Additionally, the County's Transit Agency is operating the Bus Rapid Transit ("BRT") on the South Miami-Dade Busway, a dedicated-use BRT corridor that runs parallel to US1/South Dixie Highway. Service commenced in 1997 and was extended from North Kendall Drive/SW 88<sup>th</sup> Street to SW 264<sup>th</sup> Street. A final segment is currently under construction. Upon completion, the South Miami-Dade Busway will traverse over twenty miles, connecting Florida City (SW 344<sup>th</sup> Street) with the Metrorail system, with connection to downtown Miami. The final segment is scheduled to be opened for revenue service in August 2007.

## **Airport**

The County owns and operates the Airport, the principal commercial airport serving Southeast Florida. The Airport also has the third highest international passenger traffic in the U.S. It is currently handling approximately 32,094,000 passengers and 1,970,000 tons of air freight annually and is classified by the Federal Aviation Administration as a large hub airport, the highest classification given by that organization. The Airport is also one of the principal maintenance and overhaul bases, as well as a principal training center for the airline industry in the United States, Central and South America and the Caribbean.

A five year summary of the passengers served and cargo handled by the Airport is shown below:

**Passengers and Cargo Handled by  
Miami International Airport  
2002-2006**

<u>Fiscal Year</u>	<u>Passengers (in thousands)</u>	<u>Cargo (in millions)</u>	<u>Total Landed Weight (million lbs.)</u>
2002	29,350	1.76	31,851
2003	29,532	1.77	31,610
2004	30,244	1.94	31,900
2005	30,912	1.96	31,148
2006	32,094	1.97	30,735

*SOURCE:* Miami-Dade County Aviation Department

**Seaport**

The Port is an island port, which covers 640 acres of land, operated by the Seaport Department. It is the world's largest multi-day cruise port. Embarkations and debarkations on cruise ships totaled just over 3.7 million passengers for the Fiscal Year 2006. With the increase in activity from the Far-East markets and South and Central America, cargo tonnage transiting the Port amounted to approximately 8.6 million tons for the Fiscal Year 2006.

The following table sets forth a five-year summary of both cruise passengers served and cargo handled:

**Passengers and Cargo Handled by Port  
2002-2006**

<u>Fiscal Year</u>	<u>Cruise Passengers (in thousands)</u>	<u>Cargo Tonnage (in millions)</u>
2002	3,643	8.68
2003	3,961	9.00
2004	3,500	9.23
2005	3,605	9.47
2006	3,731	8.65

*SOURCE:* Miami-Dade County Seaport Department

**Tourism**

The Greater Miami Area is a leading center for tourism in the State. Miami was a primary destination for more domestic air travelers after Orlando according to the Florida Division of Tourism of the Department of Commerce. It is also the principal port of entry in the State for international air travelers. During 2005, approximately 86% of international air travelers (excluding travelers from Canada) entering the State arrived through the Airport. The Airport has the third highest international passenger traffic behind New York's John F. Kennedy International Airport and the Los Angeles International Airport.

The visitors market in the County is shifting away from the traditional tourist market to a "convention group market." This is reflected in the expansion and renovation of lodging facilities as well as in the marketing efforts of South Florida hoteliers. The City of Miami Beach, with the assistance of the County, is expanding and remodeling the Miami Beach Convention Center, the largest existing

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convention center in the County, from 250,000 to 500,000 square feet of exhibition space. The convention group market is generally less sensitive to fluctuations in disposable personal income.

The following is a five-year schedule of domestic and international visitors, including a further breakdown of international visitors by region of origin, and the estimated economic impact produced by those visitors:

### Tourism Statistics 2002-2006

	Visitors (in thousands)			Estimated Economic Impact (in millions)		
	<u>Domestic</u>	<u>Int'l</u>	<u>Total</u>	<u>Domestic</u>	<u>Int'l</u>	<u>Total</u>
2002	5,316	4,915	10,231	6,298	5,613	11,911
2003	5,536	4,909	10,445	5,633	4,207	9,840
2004	5,700	5,262	10,962	6,423	6,034	12,457
2005	6,053	5,249	11,302	7,252	6,683	13,935
2006	6,263	5,322	11,585	7,688	9,108	16,796

### International Visitors by Region 2002-2006

(in thousands)

	<u>European</u>	<u>Caribbean</u>	<u>Latin American</u>	<u>Canada Japan/Other</u>	<u>Total</u>
2002	1,131	650	2,461	673	4,915
2003	1,119	653	2,455	682	4,909
2004	1,253	679	2,641	689	5,262
2005	1,181	709	2,661	698	5,249
2006	1,224	665	2,778	655	5,322

*SOURCE:* Greater Miami Convention and Visitors Bureau

## Employment

The following table demonstrates the economic diversity of the County's employment base. No single industry clearly dominates the County's employment market, and there have not been any significant decreases within the industry classifications displayed for the latest years for which information is available.

### Estimated Employment In Non-Agricultural Establishments 2004-2006

	September 2004	Percent	September 2005	Percent	September 2006	Percent
<b>Goods Producing Sector</b>						
Construction	42,300	4.2	43,400	4.1	48,300	4.6
Manufacturing	50,600	4.9	49,600	4.7	46,900	5.1
Mining & Natural Resources	400	0.0	400	0.0	600	0.1
<b>Total Goods Producing Sector</b>	<b>93,300</b>	<b>9.1</b>	<b>93,400</b>	<b>8.8</b>	<b>95,800</b>	<b>9.1</b>
<b>Service Providing Sector</b>						
Transportation, Warehousing and Utilities	60,600	5.9	61,300	5.9	61,500	5.8
Wholesale Trade	73,000	7.1	75,100	7.2	74,200	7.0
Retail Trade	116,700	11.4	115,800	11.1	120,200	11.4
Information	28,000	2.8	28,400	2.7	23,500	2.2
Financial Activities	68,400	6.7	69,900	6.7	74,900	7.1
Professional and Business	157,000	15.3	163,400	15.6	170,900	16.2
Education and Health Services	135,300	13.2	137,700	13.2	138,000	13.0
Leisure and Hospitality	95,800	9.3	101,700	9.7	101,100	9.6
Other Services	44,200	4.3	45,400	4.3	42,900	4.1
Government	153,200	14.9	154,400	14.8	154,700	14.6
<b>Total Service Providing Sector</b>	<b>932,200</b>	<b>90.9</b>	<b>953,100</b>	<b>91.2</b>	<b>961,900</b>	<b>90.9</b>
<b>Total Non-Agricultural Employment</b>	<b>1,025,500</b>	<b>100%</b>	<b>1,046,500</b>	<b>100%</b>	<b>1,057,700</b>	<b>100%</b>

SOURCES: Florida Agency for Workplace Innovation, Labor Market Statistics, Current Employment Statistics Program  
(in cooperation with U.S. Department of Labor, Bureau of Labor Statistics).

Miami-Dade County, Department of Planning and Zoning, Research Section, 2006

## County Demographics

### Estimates of Population by Age Miami-Dade County 2000 to 2030

Age Group	2000	2005	2010	2015	2020	2025	2030
Under 16	495,375	522,487	534,919	568,328	587,943	624,806	651,014
16-64	1,457,435	1,558,005	1,675,514	1,762,649	1,859,961	1,930,253	2,011,989
65 & Over	300,552	325,613	340,851	372,137	410,285	464,741	524,789
Total	2,253,362	2,402,105	2,551,284	2,703,114	2,858,189	3,019,800	3,187,792

SOURCES: U.S. Census Bureau, Decennial Census Report for 2000. Projections provided by Miami-Dade County, Department of Planning and Zoning, Research Section 2006.

### Trends and Forecasts, Population in Incorporated and Unincorporated Areas 1960 – 2015

<u>Year</u>	<u>Population in Incorporated Areas</u>	<u>Population in Unincorporated Areas</u>	<u>Total</u>	<u>Percentage Growth in Population</u>
<b><u>Trends:</u></b>				
1960	582,713	352,334	935,047	N/A
1970	730,425	537,367	1,267,792	36.5%
1980	829,881	795,900	1,625,781	28.2
1990	909,371	1,027,723	1,937,094	19.1
1995	973,912	1,110,293	2,084,205	7.6
2000	1,049,074	1,204,288	2,253,362	8.1
2001	1,078,455	1,204,864	2,283,319	1.3
2002	1,080,909	1,222,138	2,303,047	1.3
2003	1,100,442	1,242,297	2,342,739	1.3
2004	1,265,077	1,107,341	2,372,418	1.3
2005	1,331,520	1,070,585	2,402,105	1.3
<b><u>Forecasts:</u></b>				
2010	1,410,641	1,140,643	2,551,284	6.1
2015	1,494,626	1,208,488	2,703,114	6.0

SOURCES: U.S. Census Bureau, Decennial Census Reports for 1960-2000. Projections provided by Miami-Dade County, Department of Planning and Zoning, Research Section 2006

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**Population By Race and Ethnic Group<sup>(1)</sup>**  
**Miami-Dade County**  
**1970 - 2020**  
(in thousands)

<b><u>Year</u></b>	<b><u>Total<sup>(2)</sup></u></b>	<b><u>Hispanic<sup>(1)</sup></u></b>	<b><u>Blacks<sup>(1)</sup></u></b>	<b><u>Non-Hispanic Whites and Others</u></b>
1970	1,268	299	190	782
1975	1,462	467	237	765
1980	1,626	581	284	773
1985	1,771	768	367	656
1990	1,967	968	409	618
1995	2,084	1,155	446	519
2000	2,253	1,292	457	534
2005	2,402	1,455	461	497
2010 <sup>(3)</sup>	2,551	1,621	526	442
2015 <sup>(3)</sup>	2,703	1,794	554	395
2020 <sup>(3)</sup>	2,858	1,972	583	347

(In Percentages)

1970	100%	24%	15%	62%
1975	100	32	16	52
1980	100	36	17	48
1985	100	43	21	37
1990	100	49	21	31
1995	100	55	21	25
2000	100	57	20	24
2005	100	61	21	20
2010 <sup>(3)</sup>	100	64	21	17
2015 <sup>(3)</sup>	100	66	21	15
2020 <sup>(3)</sup>	100	69	20	12

SOURCES: U.S. Census Bureau, Census of Population Reports for 1970-2000. Projections provided by Miami-Dade County, Department of Planning and Zoning, Research Section 2006.

- (1) Persons of Hispanic origin may be of any race. Hispanic Blacks are counted as both Hispanic and as Black. Other Non-Hispanics are grouped with Non-Hispanic White category. Sum of components exceeds total.
- (2) Numbers may not add due to rounding.
- (3) Projections.

The following tables set forth the leading public and private County employers:

### Fifteen Largest Public Employers

<u>Employers' Name</u>	<u>Number of Employees</u>
Miami-Dade County Public Schools.....	50,000
Miami-Dade County.....	32,000
U.S. Federal Government.....	20,400
Florida State Government.....	17,000
Jackson Health System.....	10,500
Miami-Dade Community College.....	6,500
City of Miami.....	4,034
Florida International University.....	3,132
VA Medical Center.....	2,300
City of Miami Beach.....	1,979
City of Hialeah.....	1,800
U.S. Coast Guard.....	1,220
U.S. Southern Command.....	1,200
City of Coral Gables.....	895
City of North Miami Beach.....	738

SOURCE: The Beacon Council/Miami-Dade County, Florida,  
*Miami Business Profile & Relocation Guide 2006*

### Fifteen Largest Private Employers

<u>Employers' Name</u>	<u>Number of Employees</u>
Baptist Health Systems of South Florida.....	10,826
University of Miami.....	9,874
American Airlines.....	9,000
Precision Response Corporation.....	6,000
BellSouth Corporation Florida.....	5,500
Winn Dixie Stores.....	4,833
Publix Super Markets.....	4,000
Florida Power & Light Company.....	3,900
Carnival Cruise Lines.....	3,500
Macy's Department Store.....	3,368
Mount Sinai Medical Center.....	3,264
Miami Children's Hospital.....	2,600
Mercy Hospital.....	2,412
Wachovia, N.A.....	2,229
Cordis.....	2,100

SOURCE: The Beacon Council/Miami-Dade County, Florida,  
*Miami Business Profile & Relocation Guide 2006*

The following table sets forth the unemployment rates within the County and comparative rates for the United States and the State:

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**Unemployment Rates  
2002-2006**

<u>Area</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006*</u>
USA	5.8%	6.0%	5.6%	5.1%	4.7%
Florida	5.5	5.1	4.7	4.1	3.2
Miami-Dade County	7.8	7.2	6.5	4.7	3.8

\*Annual Avg. through September, 2006

SOURCES: Florida Agency for Workplace Innovation, Office of Workforce Information Services, Labor Market Statistics and Miami-Dade County, Department of Planning and Zoning, Research Section 2006.

The following table sets forth the per capita personal income within the County and comparative per capita personal income for the United States, the Southeastern region and the State:

**Per Capita Personal Income  
2000 - 2004**

<u>Year</u>	<u>USA</u>	<u>Southeastern</u>	<u>Florida</u>	<u>Miami-Dade</u>
2000	\$29,847	\$26,485	\$28,511	\$25,627
2001	30,527	27,325	29,247	26,172
2002	30,906	27,837	29,758	26,780
2003	31,472	28,470	30,098	27,953
2004	33,050	29,756	31,469	29,076

SOURCES: U.S. Department of Commerce, Economic and Statistical Administration Bureau of Economic Analysis/Regional Economic Information System.  
Miami-Dade County Department of Planning and Zoning, Research Section 2006.

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**APPENDIX B**

**AUDITED FINANCIAL REPORT OF THE MIAMI-DADE  
WATER AND SEWER DEPARTMENT FOR  
FISCAL YEAR ENDED SEPTEMBER 30, 2006**

## **APPENDIX C**

### **THE BOND ORDINANCE**

**APPENDIX D**

**PROPOSED FORM OF OPINION OF BOND COUNSEL**

**APPENDIX E**

**PROPOSED FORM OF OPINION OF DISCLOSURE COUNSEL**

**APPENDIX F**

**SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY**

**EXHIBIT "D"**

MIAMI-DADE COUNTY, FLORIDA

and

\_\_\_\_\_  
as Escrow Agent

\_\_\_\_\_  
ESCROW DEPOSIT AGREEMENT

Relating to  
DADE COUNTY, FLORIDA  
WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1997

\_\_\_\_\_  
DATED AS OF \_\_\_\_\_, 2007

## ESCROW DEPOSIT AGREEMENT

THIS ESCROW DEPOSIT AGREEMENT (the "Agreement") made and entered into as of \_\_\_\_\_, 2007, by and between MIAMI-DADE COUNTY, FLORIDA (the "County") and \_\_\_\_\_, as Escrow Agent (the "Escrow Agent").

### WITNESSETH:

WHEREAS, the County has heretofore issued its \$437,195,000 original aggregate principal amount of Dade County, Florida Water and Sewer System Revenue Bonds, Series 1997, dated as of January 1, 1997, presently outstanding in the aggregate principal amount of \$381,265,000 (such outstanding bonds referred to collectively as the "Prior Bonds"), all pursuant to the provisions of Ordinance No. 93-134, duly enacted by the Board of County Commissioners of Miami-Dade County (the "Board") on November 16, 1993, as amended (the "Master Ordinance"); and

WHEREAS, the County desires to refund, defease and redeem the Prior Bonds maturing on and after October 1, 2008 more particularly described in Schedule A attached hereto and made a part hereof (the "Refunded Bonds"); and

WHEREAS, the County has issued its \$\_\_\_\_\_ aggregate principal amount Miami-Dade County, Florida Water and Sewer System Revenue Refunding Bonds, Series 2007 (the "Bonds"), a portion of the proceeds of which is to be deposited with the Escrow Agent to provide for the refunding, defeasance and redemption of the Refunded Bonds; and

WHEREAS, a portion of the proceeds derived from the sale of the Bonds, together with other available moneys hereinafter described, will be applied to the purchase of Defeasance Obligations (as such term is defined in this Agreement), which will mature and produce investment income and earnings at such time and in such amount, as will be sufficient, together with a portion of the proceeds from the sale of the Bonds remaining uninvested, to pay when due, until and including their redemption date, the principal of and the redemption premium and interest on the Refunded Bonds as more specifically set forth herein; and

WHEREAS, in order to provide for the proper and timely application of the moneys deposited hereunder, the maturing principal amount of the Defeasance Obligations purchased therewith, and investment income and earnings derived therefrom to the payment of the Refunded Bonds, it is necessary for the County to enter into this Agreement with the Escrow Agent;

NOW, THEREFORE, the County, in consideration of the foregoing and the mutual covenants herein set forth and in order to secure the payment of the principal of and the redemption premium and interest on all of the Refunded Bonds according to their tenor and effect, does hereby agree as follows:



## ARTICLE I

### CREATION AND CONVEYANCE OF TRUST ESTATE

Section 1.01. Creation and Conveyance of Trust Estate. The County hereby grants, warrants, remises, releases, conveys, assigns, transfers, aliens, pledges, sets over and confirms unto the Escrow Agent and to its successors in the trust hereby created, and to it and its assigns forever, all and singular the property hereinafter described, to wit:

#### DIVISION I

All right, title and interest in and to (i) \$ \_\_\_\_\_ in moneys deposited directly with the Escrow Agent and derived from the proceeds of the Bonds upon issuance and delivery of the Bonds and execution of and delivery of this Agreement, and (ii) \$ \_\_\_\_\_ withdrawn from the Series 1997 Bond Service Subaccount in the Debt Service Fund under the Master Ordinance and deposited into the Escrow Deposit Trust Fund established under this Agreement (the "Other Moneys").

#### DIVISION II

All right, title and interest in and to the Defesance Obligations described in Schedule B attached hereto and made a part hereof, together with the income and earnings thereon.

#### DIVISION III

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security hereunder by the County, or by anyone on behalf of the County to the Escrow Agent for the benefit of the Refunded Bonds.

#### DIVISION IV

All property which is by the express provisions of this Agreement required to be subject to the pledge hereof and any additional property that may, from time to time hereafter, by delivery or by writing of any kind, by the County, or by anyone on its behalf, be subject to the pledge hereof.

TO HAVE AND TO HOLD, all and singular, the Trust Estate (as such term is hereinafter defined), including all additional property which by the terms hereof has or may become subject to the encumbrances of this Agreement, unto the Escrow Agent, and its successors and assigns, forever in trust, however, for the sole benefit and security of the holders from time to time of the Refunded Bonds, but if the principal of and the redemption premium and interest on all of the Refunded Bonds shall be fully and promptly paid when due, in accordance with the terms thereof and of this Agreement, then this Agreement shall be and become void and of no further force and effect except as otherwise provided herein; otherwise the same shall remain in full force and effect, and upon the trusts and subject to the covenants and conditions hereinafter set forth.

## ARTICLE II

### DEFINITIONS

Section 2.01. Definitions. In addition to words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings, unless some other meaning is plainly intended. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in the Bond Ordinance.

"Defeasance Obligations" shall mean [direct non-callable obligations of the United States of America].

"Trust Estate", "trust estate" or "pledged property" shall mean the property, rights and interests described or referred to under Divisions I, II, III and IV in Article I above.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. The word "person" shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate. Reference to a person other than a natural person shall include its successors.

## ARTICLE III

### ESTABLISHMENT OF ESCROW DEPOSIT TRUST FUND; FLOW OF FUNDS

Section 3.01. Creation of Escrow Deposit Trust Fund and Deposit of Moneys. There is hereby created and established with the Escrow Agent a special and irrevocable trust fund designated "Dade County, Florida Water and Sewer System Revenue Bonds, Series 1997 Escrow Deposit Trust Fund" (the "Escrow Deposit Trust Fund"), to be held by the Escrow Agent for the sole benefit of the holders of the Refunded Bonds and accounted for separate and apart from the other funds of the County and, to the extent required by law, of the Escrow Agent.

Concurrently with the delivery of this Agreement, the County herewith causes to be deposited with the Escrow Agent and the Escrow Agent acknowledges receipt of immediately available moneys for deposit in the Escrow Deposit Trust Fund in the amount of \$ \_\_\_\_\_, from the proceeds from the sale of the Bonds and \$ \_\_\_\_\_ in Other Moneys, all of which, when invested in Defeasance Obligations (other than \$ \_\_\_\_\_ to be held uninvested), will provide moneys sufficient to pay the principal of and the redemption premium and interest on the Refunded Bonds, until and including their redemption date, as more particularly described in Schedule C attached hereto and made a part hereof.

Section 3.02. Payment of Refunded Bonds. The Bond proceeds and other Moneys (other than the uninvested portion of \$ \_\_\_\_\_), received by the Escrow Agent will be sufficient to purchase \$ \_\_\_\_\_ par amount of Defeasance Obligations, all as listed in Schedule B attached hereto and made a part hereof, which will mature in principal amounts and earn income at such times, all as described in Schedule B, so that sufficient moneys will be available to pay as the same are due and payable all principal of and redemption premium and interest on the Refunded Bonds.

Notwithstanding the foregoing, if the amounts deposited in the Escrow Deposit Trust Fund are insufficient to make said payments of principal and redemption premium and interest, the County shall cause to be deposited into the Escrow Deposit Trust Fund the amount of any deficiency immediately upon notice from the Escrow Agent.

Section 3.03. Irrevocable Trust Created. The deposit of moneys and Defeasance Obligations or other property hereunder in the Escrow Deposit Trust Fund shall constitute an irrevocable deposit of said moneys and Defeasance Obligations and other property hereunder for the sole benefit of the holders of the Refunded Bonds, subject to the provisions of this Agreement. The holders of the Refunded Bonds, subject to the provisions of this Agreement, shall have an express lien on all moneys and principal of and earnings on the Defeasance Obligations and other property in the Escrow Deposit Trust Fund. The moneys deposited in the Escrow Deposit Trust Fund and the matured principal of the Defeasance Obligations and other property hereunder and the interest thereon shall be held in trust by the Escrow Agent and applied to the payment of the principal of and the redemption premium and interest on the Refunded Bonds until and including their redemption date, as more specifically set forth in Schedule C hereto.

Section 3.04. Purchase of Defeasance Obligations. The Escrow Agent is hereby directed to immediately purchase the Defeasance Obligations listed on Schedule B from the proceeds of the Bonds and the Other Moneys as described in Sections 3.01 and 3.02 hereof. The Escrow Agent shall purchase the Defeasance Obligations solely from the moneys deposited in the Escrow Deposit Trust Fund as provided in Sections 3.01 and 3.02 hereof. The Escrow Agent shall apply the moneys deposited in the Escrow Deposit Trust Fund and the Defeasance Obligations purchased therewith, together with all income or earnings thereon, in accordance with the provisions hereof. The Escrow Agent shall have no power or duty to invest any moneys held hereunder or to make substitutions of the Defeasance Obligations held hereunder or to sell, transfer or otherwise dispose of the Defeasance Obligations held hereunder except as provided in this Agreement. The Escrow Agent is hereby directed not to invest \$\_\_\_ deposited in the Escrow Deposit Trust Fund simultaneously with the delivery of this Agreement.

The County covenants to take no action in the investment, reinvestment or security of the Escrow Deposit Trust Fund in violation of this Agreement and recognizes that any such action in contravention of this Agreement might cause the Bonds or the Refunded Bonds to be classified as "arbitrage bonds" under the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the "Code").

Section 3.05. Substitution of Certain Defeasance Obligations.

(a) If so directed in writing by the County on the date of delivery of this Agreement, the Escrow Agent shall accept in substitution for all or a portion of the Defeasance Obligations listed in Schedule B, Defeasance Obligations (the "Substituted Securities"), the principal of and interest on which, together with any Defeasance Obligations listed in Schedule B for which no substitution is made and moneys held uninvested by the Escrow Agent, will be sufficient to pay the principal of and the redemption premium and interest on the Refunded Bonds as set forth in Schedule C hereof. The foregoing notwithstanding, the substitution of Substituted Securities for any of the Defeasance Obligations listed in Schedule B may be effected only upon compliance with Section 3.05(b)(1) and (2) below.

(b) If so directed in writing by the County at any time during the term of this Agreement, the Escrow Agent shall sell, transfer, exchange or otherwise dispose of, or request the redemption of, all or a portion of the Defeasance Obligations then held in the Escrow Deposit Trust Fund and shall substitute for such Defeasance Obligations other Defeasance Obligations, designated by the County, and acquired by the Escrow Agent with the proceeds derived from the sale, transfer, disposition or redemption of or by the exchange of such Defeasance Obligations held in the Escrow Deposit Trust Fund, but only upon the receipt by the Escrow Agent of:

(1) an opinion of nationally recognized counsel in the field of law relating to municipal bonds stating that such substitution will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Refunded Bonds and the Bonds and is not inconsistent with the statutes and regulations applicable to the Refunded Bonds and the Bonds; and

(2) verification from an independent certified public accountant stating that the principal of and interest on the substituted Defeasance Obligations, together with any Defeasance Obligations and any uninvested moneys remaining in the Escrow Deposit Trust Fund will be sufficient, without reinvestment, to pay the principal of and the redemption premium and interest on the Refunded Bonds as set forth in Schedule C hereof.

Any moneys resulting from the sale, transfer, disposition or redemption of the Defeasance Obligations held hereunder and the substitution therefor of other Defeasance Obligations not required to be applied for the payment of such principal of and redemption premium and interest on the Refunded Bonds (as shown in the verification report described in Section 3.05(b)(2) hereof delivered in connection with such substitution), shall be transferred to the County for deposit in the Series 2007 Bond Service Subaccount in the Debt Service Fund established under the Master Ordinance. Upon any such substitution of Defeasance Obligations pursuant to Section 3.05, Schedule B hereto shall be appropriately amended to reflect such substitution.

The Escrow Agent shall be under no duty to inquire whether the Defeasance Obligations as deposited in the Escrow Deposit Trust Fund are properly invested under the Code, except as specifically set forth in this Section 3.05, and provided further that the Escrow Agent may rely on all specific directions in this Agreement providing for the investment or reinvestment of the Escrow Deposit Trust Fund.

Section 3.06. Transfers from Escrow Deposit Trust Fund. As the principal of the Defeasance Obligations set forth in Schedule B shall mature and be paid, and the investment income and earnings thereon are paid, the Escrow Agent shall, no later than the payment dates for the Refunded Bonds, as specified in Schedule C hereof, pay from the Escrow Deposit Trust Fund the principal of and the redemption premium and interest on the Refunded Bonds, as specified in Schedule C hereof. The Escrow Agent and JPMorgan Chase Bank, N.A., as Paying Agent for the Refunded Bonds (the "Paying Agent"), are hereby irrevocably instructed to call for redemption on [October 1, 2007], (a) the Refunded Bonds maturing on or before October 1, \_\_\_\_, at a redemption price equal to the principal amount of said Refunded Bonds plus a premium of 2% of such principal amount and (b) the Refunded Bonds maturing on and after October 1, \_\_\_\_, at a redemption price equal to the principal amount of said Refunded Bonds plus a premium of 1% of such principal amount, all as provided in Schedule C hereof and in accordance with Article III of

the Master Ordinance. The Escrow Agent and the Paying Agent shall perform their responsibilities in connection with the redemption of the Refunded Bonds, including the giving of notice of redemption as required under the Master Ordinance.

Section 3.07. Investment of Certain Moneys Remaining in Escrow Deposit Trust Fund. Subject to the provisions of Section 3.04, the Escrow Agent shall invest and reinvest, at the written direction of the County, in Defeasance Obligations any moneys remaining from time to time in the Escrow Deposit Trust Fund until such time as they are needed. Such moneys shall be reinvested in such Defeasance Obligations for such periods, and at such interest rates, as the Escrow Agent shall be directed to invest in writing by the County, which periods and interest rates shall be set forth in an opinion from nationally recognized counsel in the field of law relating to municipal bonds to the County and to the Escrow Agent, which opinion shall also be to the effect that such reinvestment of such moneys in such Defeasance Obligations for such period and at such interest rates will not, under the statutes and regulations applicable to the Refunded Bonds and the Bonds, cause the interest on such Refunded Bonds or Bonds to be included in gross income for federal income tax purposes and that such investment is not inconsistent with the statutes and regulations applicable to the Refunded Bonds and the Bonds. Any interest income resulting from reinvestment of moneys pursuant to this Section 3.07 not required to be applied for the payment of the principal of and the redemption premium and interest on the Refunded Bonds shall, without further direction from the County, shall be transferred to the County for deposited in the Series 2007 Bond Service Subaccount of the Debt Service Fund established under the Master Ordinance.

Section 3.08. Escrow Deposit Trust Fund Constitutes Trust Fund. The Escrow Deposit Trust Fund created and established pursuant to this Agreement shall be and constitute a trust fund for the purposes provided in this Agreement and shall be kept separate and distinct from all other funds of the County and, to the extent required by law, of the Escrow Agent and used only for the purposes and in the manner provided in this Agreement.

Section 3.09. Transfer of Funds After All Payments Required by this Agreement are Made. After payment of the principal of and the redemption premium and interest on the Refunded Bonds as provided in Schedule C have been made, all remaining moneys and securities, together with any income and interest thereon, in the Escrow Deposit Trust Fund shall, without further direction from the County, be transferred to the County for deposit in the Series 2007 Bond Service Subaccount of the Debt Service Fund established under the Master Ordinance; provided, however, that no such transfers (except transfers made in accordance with Sections 3.05 and 3.07 hereof) shall be made until all of the principal of and the redemption premium and interest on the Refunded Bonds have been paid.

#### ARTICLE IV

#### CONCERNING THE ESCROW AGENT

Section 4.01. Liability of Escrow Agent. The Escrow Agent shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct. The Escrow Agent shall not be liable for any loss resulting from any investments made pursuant to the terms of this Agreement. The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of moneys and of the principal amount of the

Defeasance Obligations and the earnings thereon to pay the Refunded Bonds. So long as the Escrow Agent applies any moneys, Defeasance Obligations and interest earnings therefrom to pay the Refunded Bonds as provided herein, and complies fully with the terms of this Agreement and the Master Ordinance, the Escrow Agent shall not be liable for any deficiencies in the amounts necessary to pay the Refunded Bonds caused by such calculations.

The Escrow Agent shall have no lien, security interest or right of set-off whatsoever upon any of the moneys or investments in the Escrow Deposit Trust Fund for the payment of fees or expenses for the services rendered by the Escrow Agent under this Agreement.

Section 4.02. Permitted Acts. The Escrow Agent and its affiliates may become the owner of all or may deal in the Refunded Bonds as fully and with the same rights as if it were not the Escrow Agent.

Section 4.03. Escrow Agent's Rights. Except as otherwise provided in this Agreement, the duties, rights and obligations provided for under the Master Ordinance with respect to replacement of lost, mutilated, stolen or destroyed Refunded Bonds, the transfer, exchange and registration of transfer of Refunded Bonds from time to time, the payment by the County of all fees and expenses of the Escrow Agent under the Master Ordinance and the rights, privileges, duties, immunities and indemnities of the Escrow Agent under the Master Ordinance are incorporated into this Agreement.

Section 4.04. Payment to Escrow Agent. The County shall pay to the Escrow Agent reasonable compensation for all services rendered by it hereunder and also its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and execution of the trusts hereby created, and the performance of its powers and duties hereunder, including, without limitation, all advances, counsel fees and other expenses reasonably made or incurred by the Escrow Agent in connection with such services.

## ARTICLE V

### MISCELLANEOUS

Section 5.01. Amendments to this Agreement. This Agreement is made for the benefit of the holders from time to time of the Refunded Bonds and shall not be repealed, revoked, altered or amended without the written consent of all such holders of the Refunded Bonds, the Escrow Agent and the County; provided, however, that the County and the Escrow Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement which shall not adversely affect the rights of such holders and shall not be inconsistent with the terms and provisions of this Agreement for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement; or
- (b) to grant to or confer upon the Escrow Agent for the benefit of the holders of the Refunded Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Escrow Agent.

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The Escrow Agent shall be entitled to rely upon an unqualified opinion of a nationally recognized counsel in the field of law relating to municipal bonds with respect to compliance with this Section.

Section 5.02. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the County, or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

Section 5.03. Agreement Binding. All the covenants, proposals and agreements in this Agreement contained by or on behalf of the County or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 5.04. Notices to Escrow Agent and County. Any notice, demand, direction, request or other instrument authorized or required by this Agreement to be given to or filed with the Escrow Agent or the County, shall be deemed to have been sufficiently given or filed for all purposes of this Agreement if personally delivered and receipted for, or if sent by registered or certified United States mail, return receipt requested, addressed as follows:

(a) As to the County -

Miami-Dade County, Florida  
c/o Finance Director's Office  
111 N.W. 1st Street  
Suite 2550  
Miami, Florida 33128-1995

With a copy to:

Miami-Dade Water and Sewer Department  
c/o Assistant Director - Finance  
3071 S.W. 38<sup>th</sup> Avenue  
Room 506  
Miami, Florida 33146

(b) As to the Escrow Agent -

Any party hereto may, by notice sent to the other parties hereto, designate a different or additional address to which notices under this Agreement are to be sent.

Section 5.05. Notice of Defeasance. The County hereby irrevocably instructs the Escrow Agent to give the registered owners of the Refunded Bonds and any nationally recognized municipal securities information repositories, notice of the defeasance of the Refunded Bonds within thirty (30) days after the Defeasance Obligations shall have been deposited with the Escrow Agent. Such notice of defeasance shall be in substantially the form set forth in Exhibit A attached hereto and made a part hereof.

Section 5.06. Termination. This Agreement shall terminate when all payments required to be made by the Escrow Agent under the provisions hereof shall have been made.

Section 5.07. Execution by Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

Section 5.08. Governing Law. This Agreement and the rights and obligations of the parties under this Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized officers and its official seal or corporate seal, as the case may be, to be hereunto affixed and attested as of the date first above written.

MIAMI-DADE COUNTY, FLORIDA

(SEAL)

By: \_\_\_\_\_  
Rachel E. Baum, C.P.A.  
Finance Director

Approved as to form:

By: \_\_\_\_\_  
Assistant County Attorney

\_\_\_\_\_  
as Escrow Agent

(SEAL)

By: \_\_\_\_\_  
\_\_\_\_\_



SCHEDULE A  
REFUNDED BONDS

Maturity Date

Principal Amount

Interest Rate

SCHEDULE B

INVESTMENT OF BOND PROCEEDS AND THE OTHER MONEYS

<u>Type of Security</u>	<u>Maturity Date</u>	<u>Par Amount</u>	<u>Interest Rate</u>
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SCHEDULE C  
SCHEDULE OF PAYMENTS ON  
REFUNDED BONDS

<u>Payment Date</u>	<u>Principal</u>	<u>Premium</u>	<u>Interest</u>	<u>Total</u>
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SCHEDULE D

NOTICE OF DEFEASANCE

Dade County, Florida  
Water and Sewer System Revenue Bonds, Series 1997  
Dated: January 1, 1997

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Price</u>	<u>CUSIP Numbers*</u>
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NOTICE IS HEREBY GIVEN that monies have been deposited with \_\_\_\_\_, as Escrow Agent, for the payment of the principal of, redemption premium and interest on the outstanding bonds identified above (collectively, the "Bonds"), and such monies, except to the extent maintained in cash, have been invested in [direct obligations of the United States of America]. JPMorgan Chase Bank, N.A., as Paying Agent for the Bonds, and the Escrow Agent have been irrevocably instructed to call the Bonds for redemption prior to maturity, pursuant to their respective optional redemption provisions, on [October 1, 2007] at the redemption prices identified above.

The amount so deposited as aforesaid has been calculated to be adequate to pay, when due, the principal of, redemption premium and interest on the Bonds to and including the redemption date described above. In accordance with Section 901 of Ordinance No. 93-134 enacted by the Board of County Commissioners of Miami-Dade County, Florida (the "Board") on November 16, 1993 (the "Master Ordinance"), the right, title and interest of the Holders of the Bonds under the Master Ordinance and Resolution No. R-1457-96 adopted by the Board on December 17, 1996, has ceased, determined and become void.

\_\_\_\_\_  
as Escrow Agent

Dated: \_\_\_\_\_, 2007

\* No representation is made as to the correctness of these CUSIP numbers either as printed on the Bonds or contained in this Notice.